LUXURY RESIDENCES

WAITING FOR GODOT…

DEMAND SLOWS WHILE SUPPLY FAILS TO GROW

Tirelli & Partners Società Benefit has released the latest **Luxury Residences Report** with data for the first half of 2025.

Now in its twenty-second year, the report analyzes how demand and supply dynamics are readjusting within a more uncertain global environment, with Milan still firmly holding its position at the top of international interest. After a record-breaking 2024, the overall picture remains solid, though signs of increasing caution are emerging among domestic buyers and a mild slowdown can be seen in the international segment.

HIGHLIGHTS

Sales: a two-speed market

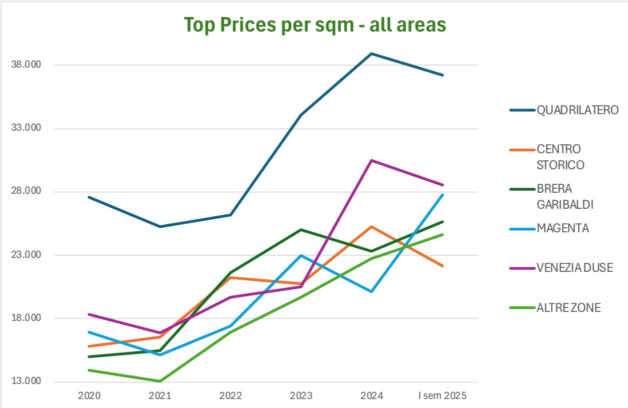
Milan's exclusive residential market confirms the trend that emerged at the end of 2024: a clear distinction persists between the **Top and Luxury segments** (over €3 and €6 million respectively), driven by international demand, and the Medium segment (€1–3 million), largely domestic and marked by a high degree of prudence.

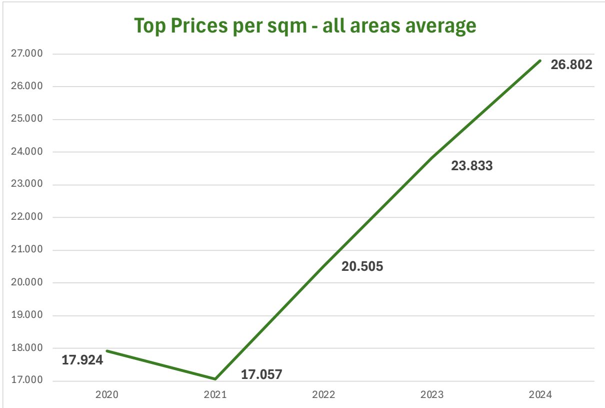
Requests from foreign families relocating to Milan—mainly for **tax reasons**—remain significant, though the trend shows a noticeable slowdown after last year's record levels. **Supply** in these niches continues to be extremely limited and often consists of disposals at occasionally speculative prices.

The average **absorption rate** has slightly decreased, the average time to close a sale has lengthened to 7.6 months, and the gap between asking and achieved prices has widened to 8.1%.

This reflects the growing weight of the Medium segment (€1–3 million), which is less dynamic, while the two upper tiers continue to perform better.

Asking prices show modest increases, with the average price up 0.66% and the average maximum price up 0.93%. The city's average **top price** continues to rise this semester, though at a much slower pace than before, with mixed trends across neighborhoods: growth in Brera, Magenta, and Other Areas, but slight declines in Quadrilatero, Historic Center, and Venezia–Duse.





Rentals: demand stabilizing

Rental **demand** has stabilized or declined across all price tiers — Medium (€40–90k per year plus expenses), Top (€90–170k plus expenses), and Luxury (€170k+ plus expenses).

The **supply** of high-end properties with strong aesthetic and scenic appeal remains extremely limited, as most of the best units were already absorbed by those who relocated to Milan in 2023 and 2024.

Rental values show only moderate growth, with an average increase of 0.46%.

Top rents — the highest price per square meter achieved for a single property — have reached exceptional levels, exceeding €700 per sqm across the city, with record peaks of up to €1,100 per sqm in the Quadrilatero area.

IN DETAIL

Sales

In the first half of 2025, Milan's exclusive residential market confirmed the trend that had emerged at the end of 2024: a clear distinction between the Top segment (over €3 million) and the Luxury segment (over €6 million), both supported by international **demand**, and the Medium segment (€1–3 million), which is mainly domestic and marked by notable caution.

Requests from foreign families relocating to Milan—primarily for tax reasons—remain steady, although the trend shows a significant slowdown after a record 2024. Supply in these niches remains extremely limited and is often driven by disposals at speculative prices.

"*In the Medium segment, buyers are almost exclusively Italian, and their purchasing decisions are far less 'impulsive' than in other tiers*," notes Gabriele Torchiani, Senior Partner and Head of the ORE. "*Decisions are more carefully weighed, for a number of converging reasons:*

- *difficulty finding properties that represent a real qualitative upgrade from their current home;*
- *uncertainty about the true market value of available properties, caused on the one hand by large variations in asking prices for seemingly similar homes, and on the other by an increase in online listings showing significant price reductions;*

- *a wait-and-see attitude linked to the growing complexity of the global geopolitical landscape, which fosters an anxious and often pessimistic view of the future*."

The average **absorption rate**—the share of properties sold out of the total available—declined slightly to 19.6%, down about half a percentage point. The picture, however, is not uniform: some areas, such as Quadrilatero and Porta Venezia, show positive signals, moving against the citywide trend.
High-quality properties continue to find buyers relatively quickly, while less convincing ones remain unsold for extended periods. Demand in Milan today is far less inclined to compromise.

The **average time** to close a sale has lengthened again, surpassing the seven-month threshold and settling at 7.6 months, a level similar to 2019. Meanwhile, the average **discount** has widened further, reaching 8.1% (+0.9% in the semester).
This dynamic reflects the growing weight of the Medium segment—less dynamic overall—while the Top and Luxury segments perform better, with high-quality properties selling faster and at smaller discounts.
In this scenario, the **average stock** of unsold properties has risen again, exceeding 26 months. This very high level should encourage owners to make clear choices: either withdraw the property from the market or accept a significant price adjustment. In reality, many properties remain stuck in a state of limbo.

Asking prices again show modest growth this semester, with an increase of 0.66% in the average price and 0.93% in the average maximum price.
Prices for pre-owned properties (in average condition or in need of renovation) rose 1.17%, outpacing those for new or recently renovated homes (+0.29%). This is largely an "optical effect," due to the larger number of new listings introduced during the semester in the former category compared with the others.
Top prices (the highest price per sqm achieved by a single unit) show mixed trends across districts: growth in Brera, Magenta, and Other Areas, while declining in Quadrilatero, Historic Center, and Venezia–Duse.
Growth signals the entry of new high-end homes onto the market compared with the previous semester, while declines are linked to the withdrawal of top-tier properties without equivalent replacements.
The average Top price across the six monitored zones continues to rise this semester to €27,658 per sqm (+3.2%), though at a much more moderate pace than in previous years.

FEATURES OF THE HOMES WITH THE HIGHEST OVERALL VALUE SOLD (I HALF-YEAR 2025)						
Urban district	**Overall Price** *(€)*	**Surface** *(sqm)*	**Price per sqm (€)** *(net of parking spaces' value)*	**State of use**	**Type of housing**	**Features**
Quadrilatero	€ 9.500.000	450	€ 20.889	To be renovated	Apartment	Terrace, garage
Magenta	€ 7.100.000	380	€ 18.158	Excellent conditions	Penthouse	Terrace, double garage
Centro Storico	€ 6.350.000	320	€ 19.844	New	Penthouse	Terrace

The total value of the three **most significant transactions** of the semester amounts to nearly €23 million, with sale prices ranging from €18,200 to almost €21,000 per sqm.

The share of primary residence purchases has risen to 55%, while replacement purchases account for 38%, and investment purchases have declined to 7%, slightly penalized by the strong performance of alternative asset classes such as equities and gold.

"*Foreign investors' interest in Milan remains high, even though the peak in demand from UK buyers occurred over the past two semesters, following the abolition of the UK 'Resident Non-Domiciled' tax regime*," notes Marco E. Tirelli. "*The adjustment of Italy's flat tax to €200,000 has not produced significant changes in demand flows, either from Europe or from the rest of the world. Conversely, we are seeing an increase in inquiries from the United States, driven not by tax incentives—since U.S. citizens are subject to Federal Tax regardless of residence—but by growing concern over the political climate in their home country*."

Rentals

During the first half of 2025, rental **demand** has either stabilized or declined across all market tiers: Medium (€40–90k per year plus expenses), Top (€90–170k plus expenses), and Luxury (€170k+ plus expenses).

The Top and Luxury segments continue to be driven both by direct demand from international clients and expats and by so-called bridge demand—those who, unable to find a suitable property to buy, temporarily turn to the rental market. Overall, however, the number of rental applicants this semester was lower than in the previous two years.

"*The **supply** of high-end properties with strong aesthetic appeal and exceptional character remains extremely limited, as most of the best apartments were already absorbed by those who relocated to Milan in 2023 and 2024*" explains Gabriele Torchiani. "*Even in the Medium segment, supply has contracted and is struggling to keep pace with demand—though the latter is less buoyant than in the past. As a result, rents remain under upward pressure, despite a smaller number of leases being signed*."

Over the past semester, the **absorption rate** fell across all monitored areas, declining by an average of 2%, bringing the overall index down to 34.8%.
This slowdown reflects a less frenzied demand in the higher-end segments and, particularly in the Medium range, the declining attractiveness of apartments located in non-renovated buildings—properties that are increasingly unappealing to a selective, quality-conscious tenant base.

The **average time** to rent a property has slightly increased to 4.2 months (+0.7), while the average rent **discount** has also widened, reaching 5.8% (+1.3% in the semester), a sign of an overall decline in product quality.
For Medium segment properties, if a lease is not finalized within 3–4 months, the rent reduction can exceed 10%. The average **vacancy** period has also risen sharply, now approaching 10 months.

Rental values continue on a moderate upward trajectory, with an average increase of 0.46% in the first quarter of 2025. **Top rents**—the highest price per sqm achieved for a single residence—have reached exceptional levels, exceeding €700 per sqm across Milan, with record peaks of up to €1,100 per sqm in the Quadrilatero district.
This trend is supported by the scarcity of supply, the presence of international tenants accustomed to similar rent levels in their home markets, and, of course, the exceptional quality of the properties involved.

International tenants now represent about one-third of total demand. In the Luxury segment, involving residences over 300 sqm, the presence of foreigners and returning expats is now almost exclusive.

Outlook for the Second Half of 2025

SALES: In the Medium segment—driven almost entirely by domestic demand—transaction volumes are not expected to increase, primarily due to the overall geopolitical and economic climate, which continues to discourage investment decisions.
In the Top and Luxury segments—largely driven by international buyers attracted by Italy's tax incentives—transaction volumes are expected to remain stable, as they depend mainly on the availability of new listings, which will remain limited in the coming months.
Given the construction freeze linked to ongoing judicial proceedings, the secondary market will remain the primary source of supply. However, the chronic shortage of available properties continues to constrain the potential for increased transaction volumes.
Further increases in asking prices appear likely but given the limited number of completed deals in these segments, such rises will not significantly alter overall averages.
Across the board, the key factor shaping the market's performance in the second half of the year will be the availability of high-quality residences.

RENTALS: Rental demand is expected to remain at current levels. The sector will continue to attract those seeking temporary accommodation while searching for a property to buy.
However, the limited supply will continue to restrain the actual number of contracts signed, particularly in the uppermost segment of the market.

As for rental values, a continuation of the moderate growth trend is anticipated.

Tirelli & Partners srl Società Benefit

Tirelli & Partners SB is a luxury real estate consulting company specializing in high-end residential properties in Italy and around the world.
Established in 1987 as a boutique with the aim of providing personalized services to those looking to sell, buy, or rent an exclusive residence, the company is renowned for its care and dedication to its clients' interests.
Since 2003, the company has been publishing the Luxury Residences Report biannually. In 2020, Tirelli & Partners obtained the legal status of a Benefit Company and became the first Italian real estate agency to receive the B Corp® certification.

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