

# Rome

Prime Residential 2024





# Rome: everlasting beauty

Despite the ongoing economic and geopolitical challenges, those looking to buy luxury property in prime central Rome remain somewhat uninfluenced by current interest rates' level, due to the lesser extent they rely on borrowing money. So much so, that the prime rental market has seen a surge in demand as well.

In a global context, Rome's prime market offers significant growth potential and more value for money than other European cities. The city's history, architecture, culture, universities, and green spaces all continue to contribute and fuel its liveability and lifestyle - but there's so much more that draws people to the capital.

The growth of tourism has increased the city's attractiveness for the world's top luxury hotel brands, also contributing to the entry of new brands and the opening of high quality cafés and Michelin starred restaurants.

Several projects are in progress to improve both private mobility and public transportation systems, taking advantage of Jubilee and PNRR funds. New development projects are built in central areas at last and, thanks to increased cooperation between private and public actors, offer the opportunity to restore and redevelop entire neighbourhoods. Therefore, it comes as no surprise that the Roman real estate market is increasing its appeal to both domestic buyers and investors from all around the world.

At a time when many will have questions about their next move, our Rome Prime Residential report is meant to address these subjects with data and perspectives that we hope will help making an informed decision. Our local team is here to support you on your journey with expert guidance, valuable insights and honest advice.

**Daniilo Orlando, Head of Residential**





# The Eternal City changes

Seat of the Italian Government and capital of the country, Rome has undergone many changes since its foundation and is still changing to this day. With more than 4 million inhabitants living in around 5 sqkm, it is the most populated Italian Metropolitan area and the largest municipality of the Country.

The city is also a centre for banking, as well as IT, pharmaceutical, and aerospace industries, and along with international law firms.

The Lazio region is in fact the second in Italy for R&D investment, with over €4 bn in 2021 and more than 29,000 researchers; Rome alone currently counts almost 25,000 companies engaged in innovation projects.

The city hosts the highest number of university students in the country: they are around 297,000, 7% of which are international and 18% mobile.

With two of its universities ranking in the global top 500, it is no surprise that the youthful population in Rome represents a 15% share for the 20-34 years age bracket (Italy has 15.5%), with another 18% under 20. By 2033 this age bracket is forecast to grow by almost 8% and will represent 7% of the Italian population aged 20-34.

Households are set to increase as well, with almost a +6% by 2033, currently being an 8% of all Italian households. The average household size is going to move from 2.1 to 2.0 members.









But Rome is also culture, destination of almost 14 mln tourists in 2023, 64% of which internationals. Its two airports, Ciampino and Fiumicino, welcomed 44 mln passengers last year.

Additionally, the city is fourth among Italian provinces for density and relevance of museum heritage, with 11.5 permanent expositions every 100 sqkm.

Last but not least, the Eternal city is getting greener: beyond its 1,028 sqkm of green spaces (80% of the municipality), with 441,000 commuters every year, it has an extensive 320 km network of bike lanes, a 10,000 bikes fleet on sharing apps, 4,006 e-car charging stations, and a car sharing fleet of 2,000 cars, 50% of which are low-emissions vehicles.

## Rome in numbers

Heart of Catholic Christianity, Rome is a cosmopolitan city that hosts two of the five Italian Fortune 500 companies and most of Italy's Forbes 2,000 companies. The headquarters of three United Nations organizations are located here as well: FAO, IFAD and WFP.

	<b>ECONOMIC ENVIRONMENT</b> <b>241,503</b> active companies (City, 2023) € <b>164</b> bn GDP (City, 2023 forecast) <b>9%</b> Share of National GDP
	<b>DEMOGRAPHICS</b> <b>2,754,719</b> inhabitants (City, Jan 2024) <b>352,433</b> foreigners (City, Jan. 2024) <b>1,377,554</b> households (City, Dec. 2023)
	<b>ECONOMIC WELLBEING</b> Income pro-capita € <b>27,206</b> (2022) Consumption pro-capita € <b>23,145</b> (2023) Unemployment rate <b>6.5%</b> (2023)
	<b>EDUCATION</b> <b>32</b> Universities and Academies of Art&Music <b>297,306</b> students (remote included, a.y. 2022/2023) <b>7%</b> foreign students
	<b>INFRASTRUCTURES</b> <b>2</b> Airports (of which 1 international) <b>44</b> mln airport passengers in 2023 <b>48</b> mln as 2015-2019 average
	<b>SUSTAINABLE TRANSPORTS</b> <b>4,006</b> e-car charging stations <b>320</b> km of cycleways (city) <b>10,000</b> e-bikes on sharing fleet <b>2,000</b> cars on sharing fleet <b>93%</b> of those are e-cars
	<b>TOURISM</b> <b>13.8</b> mln tourists arrivals (2023) <b>64%</b> international tourists <b>Overnight stays, Rome</b> • 2023: <b>31.5</b> mln - <b>69%</b> international • 2014-2022 avg: <b>16.7</b> mln - <b>62%</b> international
	<b>TOURISM INFRASTRUCTURES</b> <b>Number of hotels</b> • Metro Area: <b>1,692</b> hotels - <b>148,994</b> beds (2022) • City: <b>983</b> hotels - <b>100,319</b> beds (2024) <b>Number of 5-stars hotels</b> • Metro Area: <b>62</b> hotels - <b>10,835</b> beds (2022) • City: <b>52</b> hotels - <b>10,012</b> beds (2024)

Sources: Savills Research on Oxford Economics, ISTAT, Assoareoporti, and Camera di Commercio Roma data



# Sales Market

## NTN stabilising

In the last five years, the market went through a restructuring, forced by abrupt changes brought by the pandemics in 2020 and the subsequent implementation of new work and life models.

2021 and 2022 showed a peak in transaction number. Although the challenging economic scenario, 2023 resulted in a soft landing for the Italian market (-10%), and for the market in Rome as well: even though 2022 was 14% higher, in 2023 NTN scored a +5% on 2019 and +12% on the 5-years pre-covid average.

## Prime and average prices

Transactions landed softly in Rome because of two factors: on one hand the demand sustained the market, on the other prices grew constantly yet with a balanced trend.

The average price in Rome stood at 3,200 €/sqm in 2023, +3% on the previous year and +5% on the 3-years pre-covid average. Prime prices landed at 14,450 €/sqm, 5% higher than 2022 and +10% on the 3-years pre-covid average.

## Potential Demand

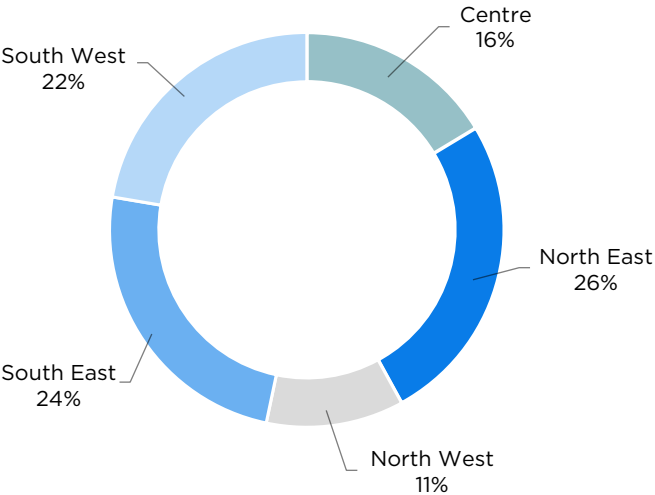
In the last 10 years, building permits for new houses have been released for a total of 62,500 new dwellings in the Rome Province, with the gap between demand and supply standing at around 120,000 new dwellings.

Considering that 65% of the Metropolitan population lives in the City of Rome, we can estimate a potential demand for around 32,000 new houses in the City.

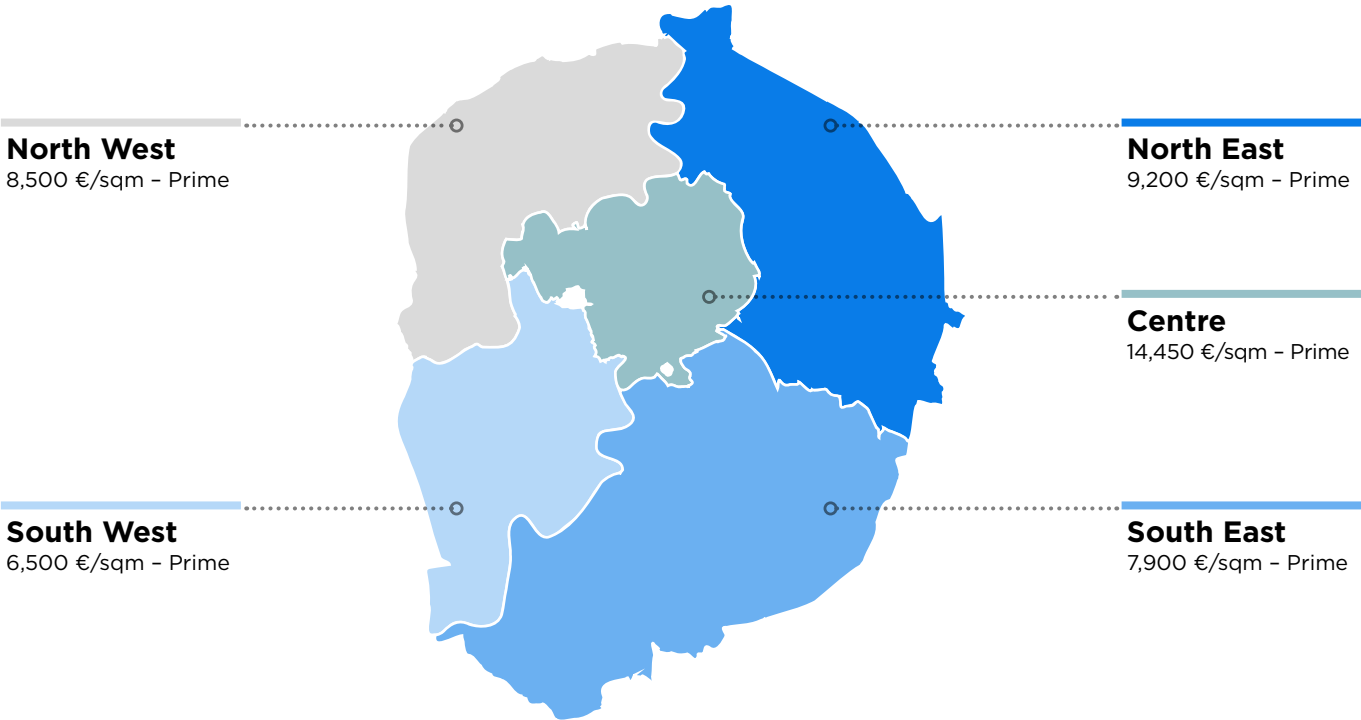
## Purchased houses Top 8 cities, 2023



# 5-years NTN Submarkets share



# Average prices for Prime Residential - €/sqm





256

The number of transactions for properties over €1 mln in 2023

+4%

The price growth of over €1 mln transactions in 2023 on 2019

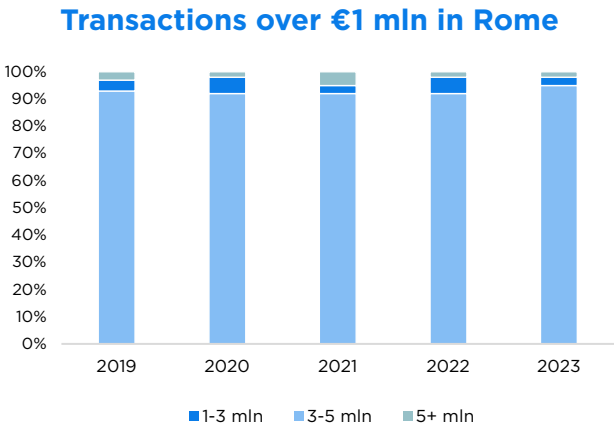
+3.6%

The growth in number of transactions over €1 mln since 2019

# €1 million-plus market

Despite an expected slowdown in 2020, the demand for world-class apartments in Rome gained back momentum in 2021, continuing to perform better than in 2019 and reaching a record volume in 2022. 2023 saw 256 transactions over €1 mln, 5% of which above the €3 mln mark, a growth of 3.6% compared to 2019.

Prices for this niche grew as well in the past five years, reaching a +4% in 2023 compared to 2019, confirming that the appetite for exclusive properties is not hindered by a challenging economic scenario and confirming its countercyclical nature.



Source: Savills Research on Agenzia delle Entrate data

# Market dashboard index | Where does Rome stand?

The Savills Market Dashboard Index evaluates the city market and how it is performing. It is based on ten different indicators and makes it possible to compare the market of different cities.

These indicators include economic data (interest rates, inflation, employment rate), demographic KPIs (inhabitants change, migratory balance), environmental (number of PNRR projects, urban ecosystem score), and of course Commercial Real Estate indicators (time to sell, average price change, current availability).

The resulting index puts Rome in the balanced market area.

- The three indicators that weighted most on the definition of Rome's score were:
- its availability, very well balanced for a metropolitan market
  - the positive yet contained YoY price change
  - the favourable trend in employment rate.



# Rental market

Rents keep on rising as a result of a sustained demand that stays unmatched by the supply, along with the lack of new quality product availability on the market and restrictive financing conditions. Mean rental values grew by an average of +4% on 2022.

Considering the prime rent currently stands at 37 €/sqm/month, prime rents grew more than prices did with its 16% YoY, although rental growth is expected to slow its pace throughout 2024.

For a 60 sqm apartment inside the GRA, prime rents are currently at 2,220 €/per month and overall average rental value of 900 €/per month, rendering Rome still affordable among major Italian cities, although a lack of product will continue to drive increases.

Along with its score on the Rental affordability index, this paints Rome not only as a good alternative for renters in Europe, but also leaves room for further increases in rental values that won't hurt affordability.

## Potential Demand

### YOUNG WORKERS & UNIVERSITY STUDENTS

In Rome, the number of people aged between 20 and 35 years are almost 437,500, 47% of which are singles and 43% occupied. Potential demand for rented houses from this sample can be estimated in 80-90,000 people.

297,306 students are enrolled in Rome Universities in A.A. 2022/2023, 18% of whom are mobile. With the current low availability of PBSA beds, potential demand considering international and mobile students is equal to around 50,000 people.





# Affordability

## Affordability is key

Given the rising cost of living and last year’s economical adversities, it goes without saying that affordability plays a key role, more than ever.

Considering a sample of 19 main European cities, the average price required to purchase a one-bedroom apartment located outside of the city centre is 310,000 €, ranging from Palermo to London.

To determine whether a one bedroom flat outside of the city centre is affordable and how much time it would require to sustain such a purchase in each city, we compared house prices and household disposable income per household.

The resulting ratio is highest in Paris, where 8 years are required to complete the purchase, followed by Munich (7 years), with Vienna closing the podium (6 years).

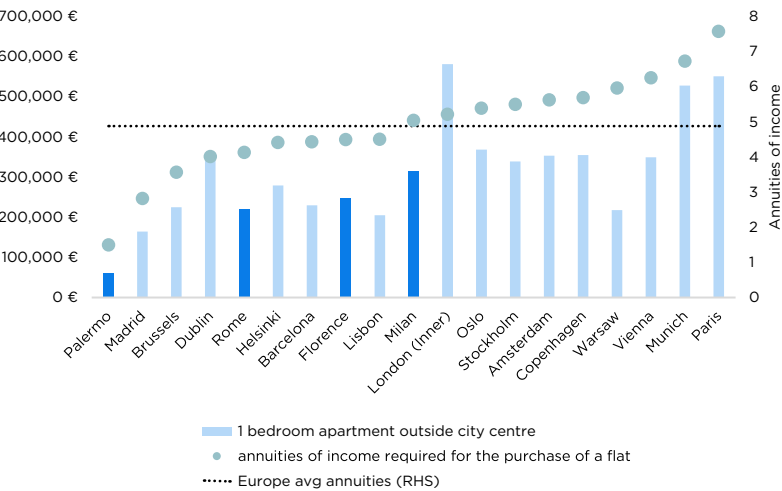
Rome, along with other Italian cities, is well placed and more affordable when compared against her European peers, with 4 years required to buy, behind both Florence and Milan, but above other important metropolitan cities such as Dublin, Brussels or Madrid.

This puts Rome in a competing position: compared to 2022, income annuities in Rome remained stable, whereas household incomes rose by 5.8%, and prices followed along, albeit at a slower pace.

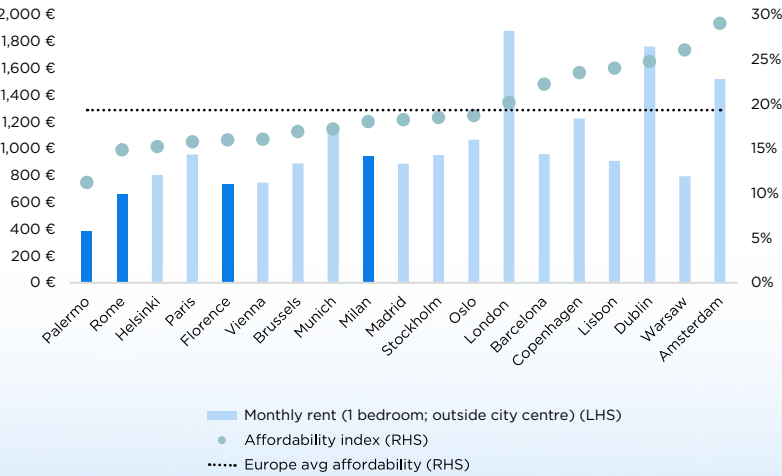
From a rental perspective, our affordability index (a ratio between monthly rent and monthly income per household) confirms Rome as one of the most affordable major cities in Europe and in Italy.

With an average affordability index of 19% at a European level, its 15% places Rome below the average, more affordable than peers such as Paris, Vienna and Madrid.

Affordability index - BTS market

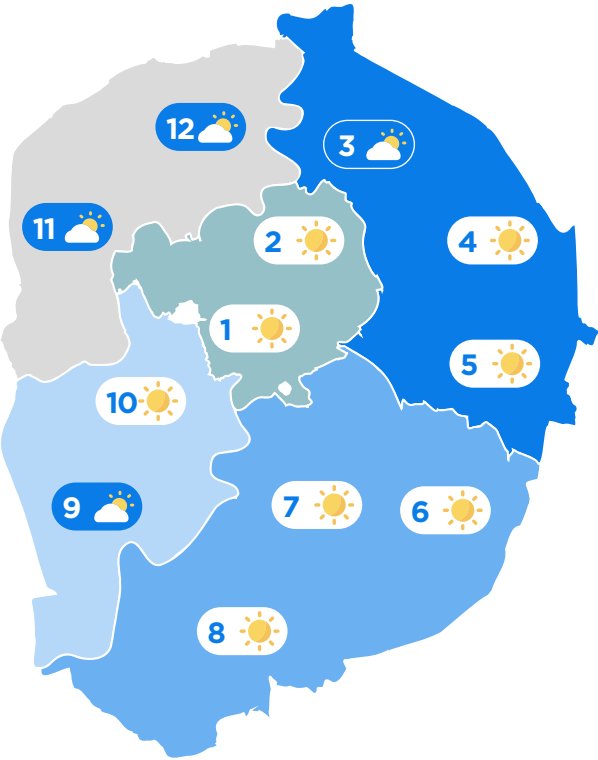


Affordability index - Rental market



# Outlook

- Sales Market
- Rental Market
- Prime Price
- Prime Rent



- 1 Centro storico, Prati-Trionfale**
  - Corporate
  - Sharing mobility
  - Education
- 2 Parioli-Flaminio**
  - Income
  - Sharing mobility
  - Cycle paths
- 3 Salaria-Trieste-Nomentana, Salaria**
  - Growing population
  - Kindergartens
  - Working population
- 4 Tiburtina**
  - Kindergartens
  - Green spaces
  - Cycle paths
- 5 Casilina-Prenestina, Pigneto**
  - Younger population
  - Working population
  - Public transport
- 6 Appia-Tuscolana**
  - Education
  - Cycle paths
  - Working population
- 7 Ostiense-Navigatori**
  - Cycle paths
  - Growing population
  - Kindergartens
- 8 Cintura EUR, EUR Laurentina**
  - Growing population
  - Green spaces
  - Public transport
- 9 Portuense**
  - Growing population
  - Kindergartens
  - Income
- 10 Aurelia-Gianicolense**
  - Health services
  - Growing population
  - Green spaces
- 11 Aurelia-Trionfale**
  - Health services
  - Growing population
  - Public transport
- 13 Cassia-Flaminia**
  - Growing population
  - Public transport
  - Income

## The district attractiveness index

The district attractiveness index considers 12 indicators divided in 4 macro categories (demographic, economic wellbeing, services, environmental and mobility) and assigns a score to every district to determine its appeal on the market.

Eur, Parioli-Flaminio, Prati-Trionfale and Historic Centre rank highest in our index, with high scores in sharing mobility, green spaces, public transport and a growing population.

Salaria-Trieste-Nomentana and Salaria, Semicentrale Appia-Tuscolana, Ostiense-Navigatori, Portuense, Aurelia, and Cassia-Flaminia rank right after in positive territory, with good scores on growing population, kindergartens and health services availability, while Casilina Prenestina has the youngest population.

## Sales Market Outlook

In 2024, demand will remain sustained for prime assets, driven by the tight availability, which in turn will allow prices to slightly increase and possibly plateau, leaving prime assets at their current level or slightly above.

Prime assets will stay in demand, while prices won’t budge and might even increase for new developments, leading the way for surrounding areas.

Location becomes a liquid concept, with prospective buyers aiming for quality more than specific pre-defined areas, and with more international buyers choosing to move to Rome.

## Rental Market Outlook

The rental market will feel some heat in 2024 as well: high quality will polarise the market, especially with affordability being a key theme that sets apart the right lease. With households more focused on quality and services, both in the neighbourhood and in the building, the combination of these factors is set to change the average size of apartments, mirroring the new requirements of buyers and tenants.

Demand for rentals will increase, sustained by a lack of available product and a challenging economic backdrop, pushing rents to increase further as more people will switch from buying to renting, absorbing the spill-over demand from the build to sell market.

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