

Client Palazzo Molin
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Italy's housing market has always maintained a strong international appeal, especially hotspots such as Venice, where the combination of historic canalside palazzi, an abundance of high quality art and the glamour of cultural festivals has kept prices high throughout the downturn.

The locals, however, have taken a more circumspect view. Indeed, two years ago a study by Knight Frank showed that Italians had overtaken Russians as the lead buyers of high-end property in London. As Italy's economy floundered – in 2012 the country was mired in recession – those with deep pockets looked farther afield for places to park their euros: London, Asia, anywhere with growth prospects better than those of *Lo Stivale*.

Today, Italy's economy may not be in the clear, but the recession is over and local buyers are back, in Venice at any rate. With the new prime minister, Matteo Renzi, inspiring more confidence than his predecessors, many Italian property buyers are returning to the domestic market and affluent locations such as Venice, challenging the international market that usually dominates in the city and picking up coveted investments such as palazzo conversions.

"We have seen a noticeable increase in interest from Italians over the past year," says Ann-Marie Doyle, of Venice Sotheby's International Realty. "Unlike the Brits, wealthy Italian buyers prefer to have their second home in their own country if they can."

"Venice has been a solid market throughout the downturn, indeed almost too solid, because even though Italy's economy felt unstable, Venice prices stayed up. Until fairly recently, though, most of our buyers were from France, the UK, Germany and the US," adds Doyle. "I think some Italian buyers were a little bit in awe of Venice. They assumed it was overpriced because of the foreign buyers."

According to Venice Sotheby's, visitors to its website and client



View over the Castello district of Venice, seen from the belfry of San Francesco della Vigna church

Your palace or mine?

Italy property As the country's economy improves, local buyers are returning to Venice's housing market, with restored palazzi in demand. By *Francesca Steele*

inquiries from Italian buyers doubled in 2013 compared with 2012. This could be partly to do with the improvement in the economy, says Doyle. The recession ended towards the end of last year and Renzi has shown he is keen to push through much-needed economic reforms.

So what do high-end Italian buyers want? "A buyer from Milan is exactly the same as a wealthy buyer from London," says Doyle. "Of course, they can usually afford to do work on a property, but often they just don't want to, particularly in Venice, where restoration is heavily regulated."

To this end, Sotheby's has marketed 18 apartments at the 15th-century Palazzo Molin, in the central San Marco sestiere (district) recently bought and restored by Patron Capital, the private equity investment company. Thought to have once been stayed in by Mozart, the building now contains the latest technology, from air conditioning to integrated music systems, wrapped up in the very same gothic façades that Francesco Molin, one-time 17th-century Doge of the Venetian Republic, would have known as the building's owner.



A fine example of the Gothic Fiorito style, the four-storey building has mullioned windows, two water gates (meaning you can arrive directly from the airport by water taxi – or gondola) and a narrow land entrance, marked by the family coat of arms – a mill wheel – opening up on to a large courtyard garden. New "terrazzo" flooring has been fitted, along with the restoration of the "marmorino" walls – a kind of tinted stucco made from crushed marble. Protection has also been provided against high tides.

Six of these apartments – which range in price from €595,000 for a one-bedroom, ground-floor flat to €4.9m

for a two-bedroom apartment on the *piano nobile* – are under negotiation, under offer or sold, one to a Milanese buyer and one to an Italian living abroad. Other buyers at Palazzo Molin have come from France, Malaysia and the UK. People often buy these apartments as second homes, which they use frequently to entertain, says Doyle, especially those on the *piano nobile*, since these long, light-filled central galleries – formerly the main reception areas of the whole palazzo – are perfect for housing art collections and for hosting parties.

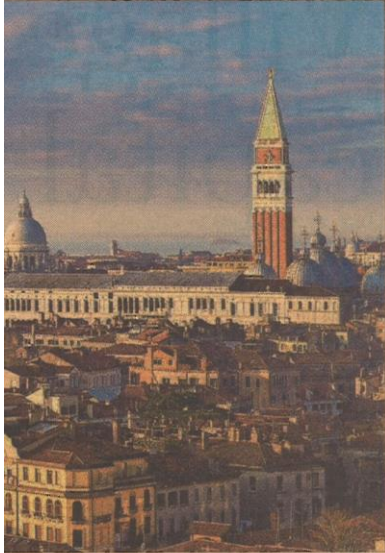
"Venice is incredibly sociable," says Doyle. "Second-home owners usually know plenty of people in town. They will often stay for months at a time and then rent the properties out when they are not there." Typical yields for a palazzo property are between 3 per cent and 5 per cent.

A number of palazzi were put on the market after the Venetian authorities sought to raise revenues during the recession. Palazzo Vendramin in Cannaregio was once owned by the noble Vendramin family, who were celebrated enough in the 16th century to be painted by Titian. In the 20th



Palazzo Molin, apartments from €595,000 to €4.9m

House & Home



Sebastiano Scattolin/4Corners

Buying guide

- Italian agents usually charge the buyer and seller 3 per cent each. Buyers must also pay a registration tax on a sale, usually about 10 per cent for a listed building
- 89 per cent of Venetians who voted in an unofficial online poll last month said they would like the city to secede from Italy. The city was the independent Republic of Venice until conquered by Napoleon in 1797.
- 20m tourists visit Venice each year

What you can get for...

€300,000 A one-bedroom flat in a cheaper area of Castello or Giudecca

€700,000 A two- or three-bedroom flat in Dorsoduro or San Marco

€2m A large apartment (more than 2,000 sq ft) in a historic palazzo

century the building housed Venice's planning office. Before that, it was a soap factory.

Today the old palazzo has been restored and converted into apartments, which are being marketed by Savills and its associate agent Views on Venice. Many historical features have been uncovered during the restoration, including fragments of some frescoes. Three of the 13 apartments have already sold, all to Italians who plan to use them as second homes. The properties range from an 800 sq ft studio to a 5,230 sq ft four-bedroom apartment, and are priced between €640,000 and €4.3m.

"These apartments don't come around very often, so when they do people snap them up," says Filippo Gaggia, owner of Views on Venice.