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OVERSEAS

Since the party-filled opening week of the 57th Venice Biennale art exhibition in May, art lovers have been descending on La Serenissima. It has been an exhibition steeped in contemporary issues — fake news, security concerns, computer hacking and the migration crisis — against the backdrop of the city's timeless palazzi and canals. Along with the carnival in February, the Biennale is the busiest time of year for the city's rental and sales markets. Some of the wealthiest visitors, who often squeeze in property viewings between the art installations, are considering the benefits of the Italian non-domiciled regime that was announced in January. Under the new rules, individuals who migrate their tax residency to Italy will pay a flat annual lump sum of €180,000 (€88,000), for which they receive the full benefits of non-domiciled resident status — including not having to disclose foreign investments and assets to the Italian tax authorities.

It's too early to know whether this will attract more wealthy individuals to Italy, although fiscal issues elsewhere have helped to fuel interest in the Venice market in the past 18 months. Demand from international buyers, who make up about 20 percent of residential sales in Venice, is picking prices up, according to Engel & Völkers, the estate agency.

"Before Brexit, British buyers made up 60 percent of our market. Now they are about 25 percent, with the French dominating, followed by the Germans, Australians, Swiss and Americans," says Giacomo Aringato, the head of Engel & Völkers in Venice. "Three-quarters of the buyers want to rent out their properties, with 80 to 30 percent (great) rentals from tourism rentals achievable."

The Umbrian capital attracts 25 million tourists a year and Savills World Research identified Venice as one of the top second-home locations for rental returns in its report last year. It ranked third highest behind Majorca and Madrid based on typical property prices, local rental rates and potential returns. Potential buyers are most interested in the Grand Canal and Doroduro area, followed by San Marco, Campo Santo Stefano and San Polo, according to Filippo Gaggi, a co-founder of Views on Venice, an associate agency of Savills. "The more affordable districts of Cannaregio, Castello and the island of Giudecca are a different market." Castello, the farthest from the centre, yet buzzing with people during the Biennale, is popular with those seeking a flavour of Venetian life, with prices about €5,000 to €6,000 a square metre, according to Arcario. "In Cannaregio, €6,000 to €7,000 a square metre, there are many shops useful for everyday life and it offers good access to the mainland." Giudecca is popular with French buyers, who will spend €900,000 to €1,000,000 on a home to renovate, with more space (and privacy) than on the mainland. Elena John owns an apartment here too.

In the prime central areas, the chance of the market with €700,000 to €800,000 to spend may be interested in a two-bedroom apartment within a palazzetto that has views of the Rialto Bridge (€890,000 through Savills). "It needs some renovation, but would rent for £2,000 a week for most of the year," Gaggi says. In Doroduro there's a two-bedroom penthouse overlooking a canal for €790,000 that brings in €50,000 a year in gross rental income.

Also in the quiet and artistic Doroduro area, Engel & Völkers is selling a house near the Guggenheim museum. Filled with light, it is ideal as an artist's studio, and the owner, a painter, has filled it with striking modern artworks. With a view on each of its two floors, it would rent for €600 a night and is on sale for €1,350 million.

On the square of Santo Stefano, near Piazza San Marco, is a six-bedroom palazzo full of frescoes for €8.5 million (Sotheby's Realty). Below: a godson on the canal

Venice: a playground for the art and rich

Piazza San Marco is at the heart of Venice and property prices range from €4,500 to €10,000 a square metre. A well-presented one-bedroom apartment off the piazza could rent for £250 a night on Airbnb, while Engel & Völkers is selling one with views of the chic boutiques of Calle XXII Marco for €3 million. With a tiny roof terrace, parquet floors and exposed ceiling beams, it feels like the quintessential Venetian pied-à-terre.

Properties at the very high end are frequently private sales to wealthy buyers, who are returning in droves, says Ann-Marie Doyle, the director of Sotheby's International Realty in Venice. "They want a classic property in a prime location, with canal views, private water access and, ideally, a roof terrace," she says. One such property in the classic campo (square) of Santo Stefano, near Piazza San Marco, is a six-bedroom palazzo full of exquisite frescoes by the recco pantie Pietro Antonio Pernollet. It needs updating and it is on sale for £3 million with Sotheby's.

Along the Grand Canal that snakes around San Marco, you can expect to pay £12,000 to £20,000 a square metre for waterfront properties close to that of Angiolina Jolie. The constant boat traffic deters some people.

If not, there's a rare opportunity to acquire a piano noble that has been stuck in a 1950s time warp, with floral wallpaper, patterned marble floors and Murano glass chandeliers, worth at least £30,000 each, for £5.5 million. With six bedrooms and six bathrooms, it occupies an entire floor and has balconies overlooking the canal. "You would need to spend £2.7 million to update it, but then it would be worth more than £10 million," Aringato says. It also presents a great blank canvas for artwork, rather like the C1 del Doge palace next door, home to Luxembourg's minimalist pavilion for this year's Biennale.

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