



Italian Hotel Market Update

2023 - 2025



The Italian Economy

2023 to 2025

The economic landscape of Italy from 2023 to 2025 has been shaped by a complex mix of global influences, domestic policies, and structural challenges. The country has seen varying growth rates as it recovered from the COVID-19 pandemic, dealing with the impacts of geopolitical tensions and transitioning to a more digital and flexible economy. During this time, Italy has worked to bolster its economy through reforms, investments, and diversification, all while facing persistent issues like high public debt, an aging population, and regional disparities.



Post Pandemic Recovery

Italy was the first country in Europe impacted by the COVID-19 pandemic, which severely impacted its manufacturing and service sectors, especially tourism, a crucial component of its economy. This triggered a massive support package from the European Union that is still being implemented.

By 2023, however along with the rest of Europe, Italy began to exhibit clear signs of recovery. The country's GDP growth for that year was moderate at around 1.0%. This growth was aided by the European Union's Recovery and Resilience Plan (RRP), which provided Italy with significant funding to enhance its economic resilience, digitize public administration, and promote green transitions.

Italy's robust export sector also contributed to the economic rebound. Exports of machinery, chemicals, automotive products and luxury goods experienced a surge, driven by international demand, particularly from the U.S., China, and neighbouring European nations. Although the recovery in tourism was slower than anticipated, it continued to be an essential factor in Italy's economic performance, especially as global travel restrictions were lifted. By the end of 2024 tourism has nearly fully recovered to the level of 2019, a bumper year for the sector.

Tourism in Italy

Strong Recovery in 2023

Already in 2023, Italy experienced a remarkable rise in both international and domestic tourist arrivals as pandemic-related restrictions were lifted. Iconic locations like Rome, Venice, Florence, and the Amalfi Coast attracted a substantial influx of visitors.

Travelers from the U.S., Canada, and various European nations, including the UK and Germany, played a significant role in this travel boom. Additionally, Italy welcomed a notable resurgence of tourists from China and the Middle East, especially in the luxury travel sector.



Sustainability and Diversification

By 2024, the emphasis in tourism shifted towards more geographical diversification, aiming to distribute visitors more evenly throughout the country and prevent overcrowding in popular cities. Venice introduced an entry pass for visitors not staying in tourist accommodations and Florence along with other cities are introducing measures to limit the overall offering of beds for tourists.

Areas such as Sicily, Puglia, and Sardinia received increased attention as travellers chose less crowded and more authentic experiences. Also sustainability and eco-tourism have become a key component of Italy's tourism strategy, reflecting a rising interest in local experiences in close proximity to nature.

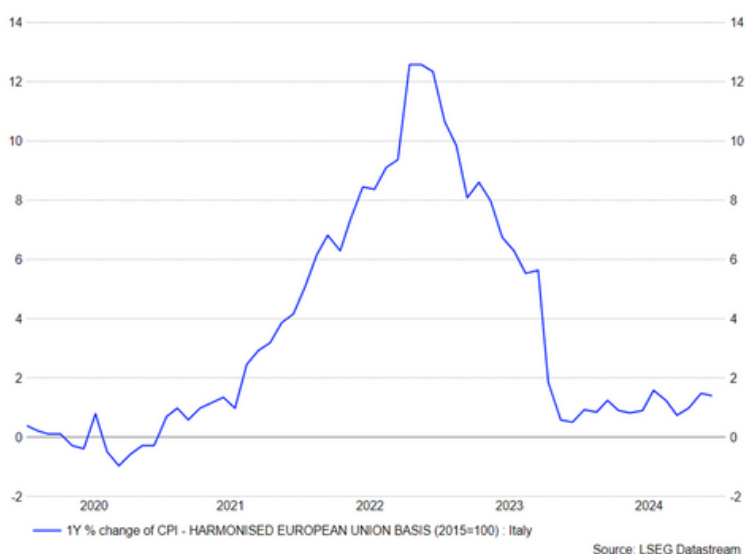
Outlook for 2025

The growth witnessed in the last 2 years is expected to continue in 2025 as well, reaching and surpassing the levels of 2019, but with a changing mix of services. Key themes will include sustainability and diversification, emphasizing luxury, cultural, gastronomic and eco-tourism experiences. Italy will increasingly draw in high-spending tourists, particularly in the luxury and cultural markets, while also adapting to changing traveller preferences, such as authentic experiences, health and privacy.

The Italian Economy

Inflation and Energy crisis

One of the significant economic challenges Italy faced between 2023 and 2025 was inflation, worsened by the ongoing European energy crisis. The conflict in Ukraine, which began in 2022, triggered sharp spikes in energy prices, especially for natural gas and electricity, leading to increased inflation rates. As a major energy importer, Italy experienced the impact of soaring energy costs, which pushed inflation to over 10% at the beginning of 2023.



Although it has come down quickly as well, reaching 2% in October of 2023, this high inflation resulted in rising living costs, diminished consumer purchasing power, and added pressure on household budgets. The Meloni government responded by introducing price caps on energy bills, providing subsidies, and offering tax breaks for both households and businesses. Although the strong rebound in tourism boosted the sector in 2023, high energy costs dampened the effect on the bottom line and only in 2024 it managed to fully recover.

Conclusion

The years from 2023 to 2025 were pivotal for Italy's economy. Despite ongoing challenges like red tape, significant public debt and demographic shifts, the nation took steps toward a more sustainable and digitally integrated economic model. With the backing of the EU, domestic reforms, and an emphasis on reforms, it is creating a basis for long term growth. Nevertheless, Italy's success in addressing its structural weaknesses and regional disparities will be crucial in determining its ability to maintain economic recovery and enhance the living standards of its citizens in the future. The hospitality sector will continue to play a key role in the country's economic future.

Luxury

Italy has always been a premier choice for wealthy travellers in search of luxury experiences, traditionally featuring renowned cities like Rome, Milan, and Venice, as well as stunning regions such as the Amalfi Coast, Tuscany, and the Italian Lakes.

Between 2023 and 2025, there has been a significant increase in the demand for luxury hotels throughout the country, influenced by a variety of economic, social, and cultural factors. This trend mirrors broader global patterns in tourism and hospitality, where high-net-worth individuals (HNWIs) and those seeking luxury are increasingly gravitating towards tailored, upscale accommodations.

Shift in Preferences

There has been a noticeable change in what travellers are looking for, particularly among high-net-worth individuals who are now favouring exclusive, private and personalized travel experiences. Luxury travellers are increasingly prioritizing unique and intimate experiences tailored to their specific desires, such as private villa accommodations, customized concierge services, and specially curated cultural tours. Hotels that provide these types of experiences, along with top-notch amenities like fine dining, spas, and upscale shopping, are becoming highly sought after.

Key factors in the **growth** of luxury hospitality

The rise of experimental travel

Luxury travellers are moving beyond traditional luxury hotel offerings and are now seeking more immersive experiences.

From private yacht charters along the Amalfi Coast to personalized wine-tasting tours in Tuscany, high-end travellers are demanding experiences that reflect a blend of their personal taste and Italy's rich culture and landscapes. The growth of experiential travel has encouraged luxury hotels to diversify and enrich their services, offering more than just a splendid place to stay but a fully integrated, memorable journey.

Growth of the middle class

Another contributing factor is the growth of the global affluent middle class. As more individuals attain higher disposable incomes, particularly in emerging markets like Asia, the demand for luxury travel has surged. Italian luxury hotels have capitalized on this trend, tailoring their offerings to attract travellers from regions such as China, India, and the Middle East, who are increasingly seeking opulent accommodations and experiences abroad. The demand for luxury hotels in Italy is expected to continue its upward trajectory through 2025 and beyond.

With growing interest from emerging markets and a continued preference for exclusive, personalized experiences, Italy remains a key destination for affluent travellers. However, competition among luxury properties will intensify, requiring continuous innovation and exceptional service standards to maintain market leadership.



Growth Destinations

Several travel destinations in Italy are experiencing significant growth, driven by factors such as increased international tourism, emerging traveller preferences and a shift towards more off-the-beaten-path locations. Italy continues to see growth in several emerging destinations, with travellers increasingly looking for both authenticity and less crowded alternatives to traditional hotspots. Regions such as Puglia, Sicily, and Le Marche, among others, are benefiting from this trend. At the same time, more established destinations like Lake Como, Naples, and the Amalfi Coast remain in demand due to their iconic status and continued appeal to both luxury and experiential travellers, each with its own specific characteristics that appeal to various segments of the tourism market.



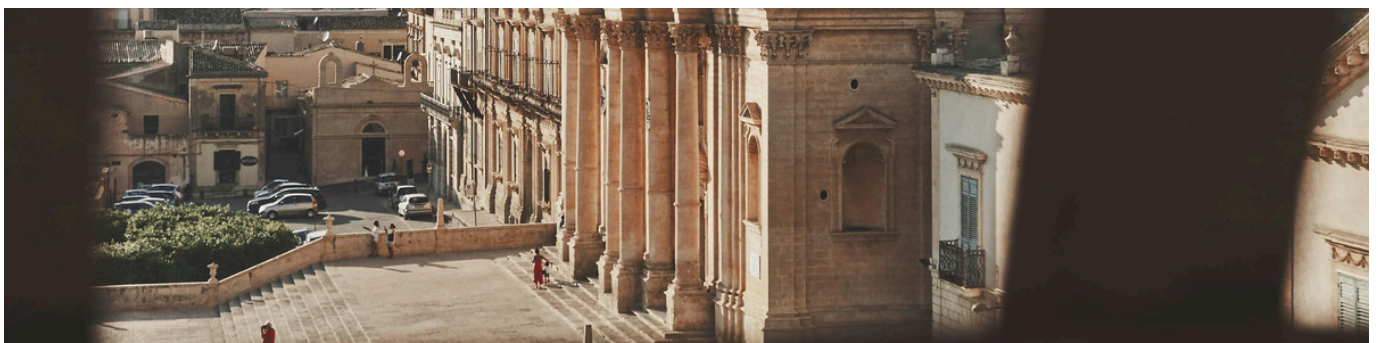
From Secondary to Primary

Puglia

Puglia has become a sought-after destination due to its easy accessibility coupled with beautiful beaches, charming towns, and rich history. The region offers a more relaxed, authentic Italian experience compared to the more crowded tourist hotspots in the north. The appeal of baroque cities like Lecce, the unique Trulli houses in Alberobello and the stunning coastline along the Adriatic and Ionic Sea are beyond discussion. The region has been gaining popularity for its combination of beautiful landscapes, delicious cuisine, and a growing number of luxury hotels and resorts, offering all-year-round experiences.

Sicily

Sicily has seen an uptick in visitors due to its diverse cultural offerings, ancient ruins, and scenic landscapes. With significant investments in tourism infrastructure and an expanding flight network, it has become more accessible to international tourists. Mount Etna, the Valley of the Temples, Palermo, Taormina, and the island's unique Mediterranean cuisine and the stunning beaches offer a wide variety of possibilities for picky travellers. Sicily's blend of history, culture, and natural beauty, along with lower tourism volumes compared to more traditional spots like Rome or Venice, makes it an attractive option for travellers seeking authenticity and tranquillity. Palermo is increasingly considered to be one of the top city trip destinations in Italy for people looking to avoid the more crowded "città d'arte" like Rome and Florence. This trend is confirmed by an increasing interest in hospitality investments in the city.



From Secondary to Primary

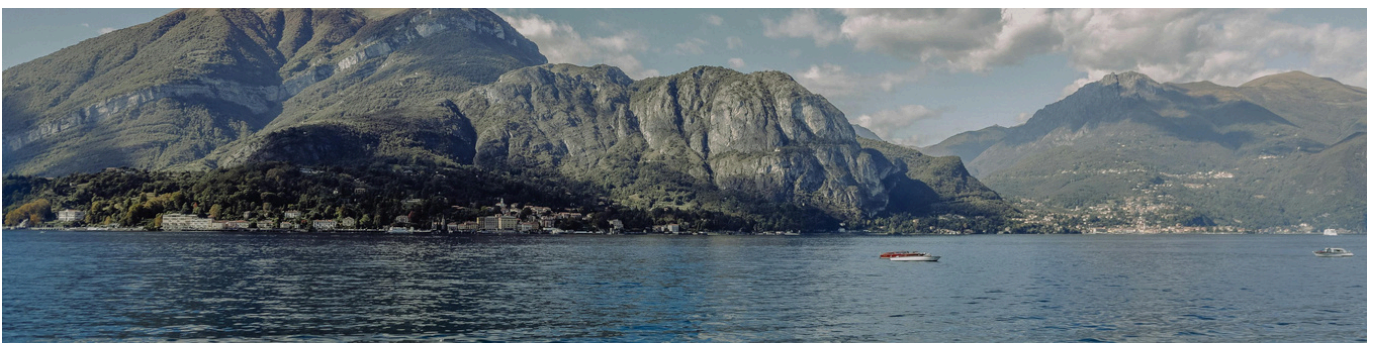
Cinque Terre

Cinque Terre, with its colourful villages perched along the Ligurian coast, continues to be a popular destination, attracting nature lovers, hikers, and those seeking beautiful coastal scenery. The five coastal villages (Monterosso al Mare, Vernazza, Corniglia, Manarola, and Riomaggiore), hiking trails, vineyards and stunning views attract increasing interest. Its picturesque landscapes and UNESCO World Heritage status have brought more attention to the region. Additionally, better access via trains and a focus on sustainable tourism are enhancing its appeal.

Lake Como

While Lake Como has been a luxury destination for years, it has seen a surge in interest in recent years due to its beautiful scenery, top-notch luxury accommodations and proximity to Milan.

The beautiful towns of Bellagio, Varenna, and Menaggio, private villas, boat tours, and high-end luxury hotels like Villa d'Este all cater to the most demanding tourists. Increasing interest from high-net-worth individuals, celebrities, and international travellers seeking privacy, luxury, and natural beauty has contributed to the region's growing popularity.



From Secondary to Primary

The Dolomites

The Dolomites are gaining traction among both winter sports enthusiasts and summer travellers, due to their dramatic mountain landscapes, outdoor adventure opportunities, and luxury resorts.

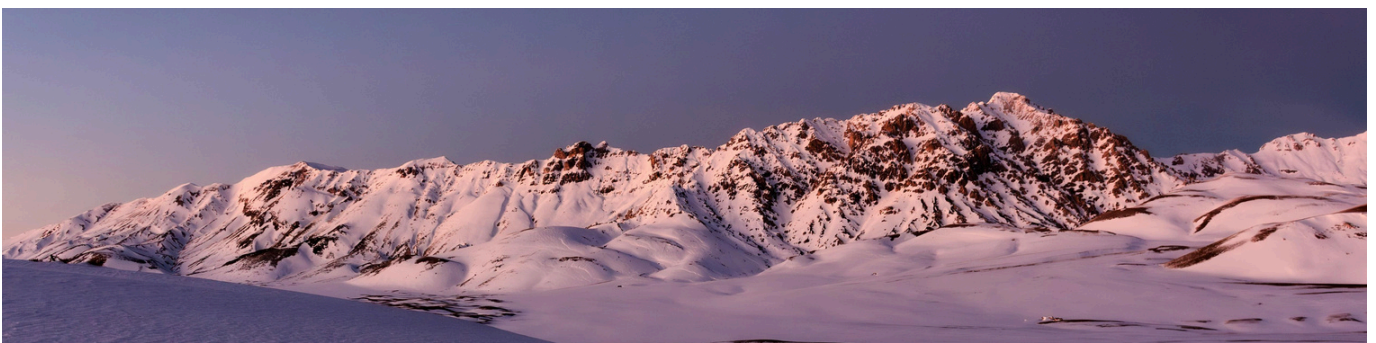
Ski resorts like Cortina d'Ampezzo, the Tre Cime di Lavaredo, and hiking and biking trails. Known for offering some of the most beautiful mountain scenery in Europe, the Dolomites are becoming increasingly popular for both winter sports and summer outdoor activities like hiking and climbing. The Winter Olympics in 2026 are providing an additional strong boost to the region.

Abruzzo

Abruzzo, often considered one of Italy's best-kept secrets, has been growing in popularity for its mountains, beaches, and lesser-known but charming towns.

Gran Sasso National Park, the medieval town of L'Aquila, the Adriatic coast, and charming hill towns all offer a unique experience.

Its balance of mountains and coastline, relatively low tourist numbers, and growing focus on sustainable and eco-friendly tourism are drawing visitors seeking both adventure and relaxation.



Dare to be Different

Successful investment is based on value for money and a clear vision of future trends. Institutional capital is entering the Italian hospitality sector in the most crowded segment (Rome, Milan, Venice, Florence), which is perceived to be the safest as well. But given the prices charged, the margin of safety is lost. Currently a lot of tourism is concentrated in these cities. This also means that the hotel markets for assets in these regions is quite concentrated, demand is very high, supply however, is quite low, entailing overpriced assets and medium to low returns.

We believe that the best investment opportunities can be identified by doing thorough homework, by zooming in on very specific assets in very specific places. It should be noted that there is a lot more to Italy than these main cities, there are many more upcoming regions. For example, the Liguria region. This region sees an average of 4.787.820 arrivals a year, which has been growing by an average of 3% over the years (pre-COVID). The most common places for overnight stays for this region are hotels (29.5%) and in 2019 there was a total expenditure of over 915 million Euros in the tourism sector. An example of a rapidly growing coastal town in this region is Alassio, which is currently recovering from the COVID pandemic in a healthy way. With tourism visits already expanding by 25% between 2021-2022. In growing places like these, assets can be bought quite cheap, while ADRs and revenues are bound to increase each year.

Hotel chain presence

Between 2023 and 2025, international hotel chains expanded their presence in Italy, making strategic investments in both well-established tourist cities and emerging destinations. The penetration of chains has reached 20% of the total hotel offering, up from 13% in 2013, but still very low by international standards. This expansion was characterized by several trends:

- Luxury chains like Marriott International, Hilton, and Accor continued to expand their presence in Italy, capitalizing on the recovery of international tourism. High-end brands such as The Ritz Carlton, W Hotels, and Sofitel opened new properties in iconic cities and exclusive locations such as the Amalfi Coast and Lake Como.
- Smaller, boutique-style hotels from international brands such as Kimpton and Bulgari Hotels also made inroads, catering to a niche segment of luxury travellers seeking more personalized and unique experiences



Hotel Chain Presence

Expansion in Secondary Cities and Emerging Destinations

- International hotel chains increasingly expanded beyond Italy's traditional tourist hotspots. Cities like Turin, Bologna, Palermo, and Naples saw a rise in new hotel developments, driven by growing business and especially leisure tourism.
- Marriott and Hilton invested in these secondary cities, recognizing their potential for both business conferences and cultural tourism. Additionally, less crowded regions like Sardinia and Puglia saw new resort openings by brands such as Club Med and Four Seasons, catering to tourists seeking more tranquil and scenic getaways.

Strategic Focus Areas for International Chains

International Chains Italy's appeal to high-net-worth individuals and luxury travellers meant that hotel chains increased their focus on upscale and lifestyle brands. For instance, Hyatt launched more properties under its Hyatt Centric and Hyatt House brands, targeting both business and leisure segments. Marriott continued to expand its St. Regis and JW Marriott offerings, while IHG expanded with InterContinental and Kimpton Hotels.

International hotel brands often chose franchising as a strategy for faster expansion across Italy. Local partnerships with Italian developers, property owners and operators allowed brands to secure prime locations, while minimizing financial risk. Hotel chains adapted to evolving traveller preferences by focusing on increased flexibility and customization. This included offering more remote work-friendly spaces with business services, extending staycation packages, and integrating wellness programs, such as yoga and spa services.

In Conclusion

Between 2023 and 2025, international hotel chains significantly strengthened their presence in Italy, benefiting from a recovering tourism sector, rising demand for luxury and sustainable travel, and innovations in digital services. While challenges such as economic pressures and competition remain, the sector is poised for continued growth, driven by strategic investments in sustainability, new technologies, and a focus on high-end, personalized guest experiences. Italy's appeal as a prime global tourist destination ensures its continued importance in the global hospitality landscape. This position is reinforced by accelerated investments in tourist infrastructure following the disbursement of the massive EU support package.



Notable Deals

Between 2023 and 2025, Italy's hotel market has seen several notable transactions, as investors continue to be attracted to the country's lucrative tourism sector. These deals reflect the recovery of the hospitality industry post-pandemic, a shift toward luxury and boutique hotels, and increasing interest in regional destinations.

This reflects both the recovery and growth of the country's luxury hotel market. Key cities such as Milan, Rome, and Venice continue to attract significant international investment, with high-end properties and iconic hotels changing hands. These transactions underscore Italy's enduring appeal as a top destination for global tourism, with investors seeking to capitalize on the country's rich history, cultural appeal, and luxury offerings.



Notable Deals

Four Seasons Hotel Milan

In 2023, the Four Seasons Hotel Milan, located in the heart of the city, was sold by its previous owners, the luxury hotel group Four Seasons and the property's joint venture partners, to the Qatar Investment Authority (QIA).

The deal marked a significant moment in the Milanese hospitality market. The property, a former convent converted into a luxury hotel, is renowned for its high-end services and design.

With Milan's growing appeal as a global fashion, business, and cultural hub, the sale is seen as a strategic move by QIA to expand its hospitality portfolio in Italy. The deal highlights the increasing demand for luxury accommodations in Milan, where tourism and business travel continue to thrive.

Hotel Eden, Rome

The luxury Hotel Eden in Rome was acquired by a consortium of investors, including prominent private equity firms, in 2024.

The hotel is known for its Michelin-starred restaurant and panoramic views over Rome. Hotel Eden, managed by the Dorchester Collection, was sold for a substantial sum as part of the strategic reshaping of the Dorchester portfolio.

The transaction was seen as part of a broader trend of high-end hotels in prime locations being repositioned and upgraded. It underscores the continuing demand for high-quality, historic properties in Rome, one of the world's top luxury travel destinations.



Notable Deals

Gritti Palace, Venice

In 2023, the iconic Gritti Palace in Venice was acquired by a global investment firm specializing in luxury real estate, marking a significant entry into the Italian luxury hotel market.

The Gritti Palace, located along the Grand Canal, is one of Venice's most prestigious hotels, offering a blend of historical architecture and modern luxury.

The acquisition is part of the buyer's broader strategy to expand its portfolio in Italy's prime hospitality markets. Venice remains a strong magnet for luxury tourism, at the same time, this acquisition is a key example of the ongoing strength of the market for top-tier hotels in the city.

Principe di Savoia, Milan

In 2024, the historic Principe di Savoia Hotel in Milan was sold to a consortium of investors, including a major Italian hospitality group.

The hotel, known for its traditional grandeur and strategic location in Milan, is a landmark in the city's luxury hotel sector. The Principe di Savoia is renowned for its style and rich history.

The new owners plan to continue operating the hotel as a luxury property, with potential for improvements and rebranding to meet modern luxury demands. The sale of such a prominent Milanese property highlights the continued investment in Milan's luxury hospitality market, which benefits from the city's status as a global business and cultural centre.



Notable Deals

Hotel Imperiale, Rome

In early 2025, the Hotel Imperiale, a historic hotel located near the Via Veneto, was acquired by an international investment firm with a focus on boutique and heritage properties.

The acquisition aims to revitalize the hotel, bringing modern luxury to its classic design. The location of the hotel makes it an attractive property for both leisure tourists and business travellers visiting Rome.

This deal reflects a growing trend of investing in historic hotels in central locations, where there is high potential for increasing revenue through renovations and modernizations.

Palazzo Parigi Hotel & Grand Spa, Milan

In 2025, a major international hotel investment group purchased the Palazzo Parigi Hotel & Grand Spa in Milan, a high-end property known for its elegant interiors and spa services.

The transaction is part of a broader trend of international groups seeking to expand their portfolios in Milan to capitalize on the city's vibrant tourism and business travel market.

Milan's rising status as a luxury hub, particularly following its hosting of major global events, has led to increased interest in acquiring prestigious properties like Palazzo Parigi



Our Perspective

Although the Covid19 pandemic has caused temporary disruptions for the Italian and global economy and the travel industry in particular, the rebound has been quite swift. Tourism arrivals and revenues are expected to reach pre-pandemic levels soon and meanwhile the market is evolving with new service concepts targeted at specific segments.

Although the economic outlook for Europe remains relatively muted, growth from US, Middle Eastern and Asian travellers is expected to outpace this and contribute disproportionately to growth of the sector.

Italy is well positioned to cater to travellers in the upscale and luxury segment, offering a wealth of experiences and benefiting from a deep-rooted hospitality culture. The relatively fragmented and smaller scale nature of the hospitality offering, which used to be a burden in the past will play more to its benefit in an environment with higher margins and more demanding clients.

We expect the deal-flow in 2025 to increase on the back of a lower interest rate environment and large amounts of dry powder.

The distressed assets have been largely sold by now, so the focus will be on value-add and core assets, both in the traditional tourist areas, but importantly also in what used to be regarded as second tier cities and regions, where many more opportunities exist.



**Thank you
for Reading**

