

Business Insights from Italy

A Letter to International Investors

Business Insights from Italy is a publication by **The European House - Ambrosetti**, produced in collaboration with leading Italian institutions. The publication provides updates on the Italian macroeconomic scenario, on Italy's industrial sectors and on policies directed to foreign investors.

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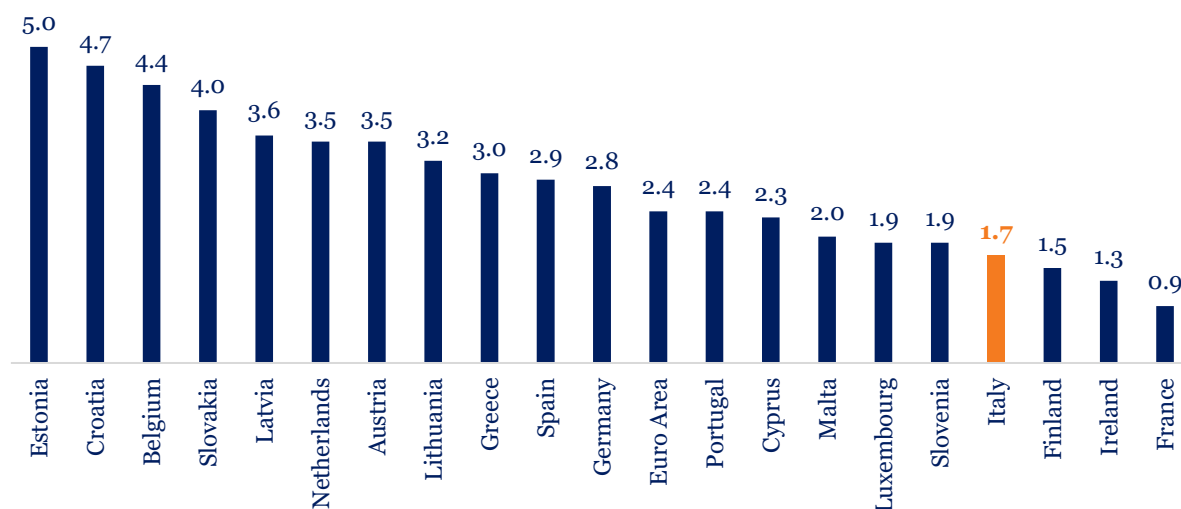
Italy's Macroeconomic Outlook

In recent months, both the easing of the European Central Bank's monetary policies and the diversification of energy supply sources have contributed to a progressive reduction in the inflationary crisis that had impacted Europe.

The data from early 2025 confirms this trend, further emphasizing that Italy's economic outlook is one of the most

favorable in the Eurozone.

Indeed, in February 2025, Italy's year-on-year inflation rate stood at **1.7%**, below the ECB's 2% target. In the same month, core inflation, excluding energy and fresh food, held steady at 1.8%, unchanged from the previous month. Similarly, inflation excluding only energy goods also remained stable at 1.8%.



Inflation rate (% change versus previous year)

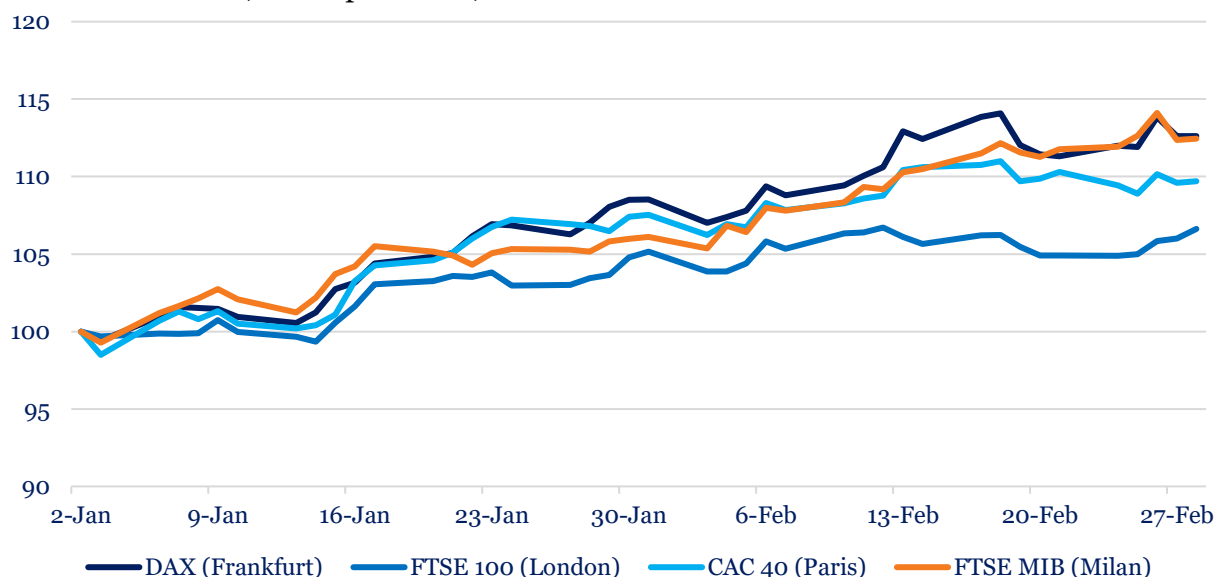
Despite a more contained inflationary trend, the returns on Italian financial markets in the early months of 2025 have exceeded those of the other major European markets (the London, Paris, and Frankfurt stock exchanges).

Stock market performances that are equal to or higher than expected, combined with lower inflation, result in **greater real returns**.

In the first two months of 2025, the Italian stock market has stood out for its strong performance, supported by robust corporate earnings, investor optimism, and favourable sectoral dynamics. Banking and industrial stocks, in particular, have

benefited from a stable macroeconomic environment and improved credit conditions. The resilience of domestic demand and a more predictable interest rate outlook have further **fuelled market confidence**, attracting both institutional and retail investors.

Furthermore, the relative undervaluation of certain Italian equities compared to their European counterparts has likely contributed to increased capital inflows. These factors have enabled the Italian stock exchange to post gains that surpass those of London, Paris, and Frankfurt, reinforcing its appeal in the current European financial landscape.



Stock market performance (index: January 1 = 100)

The labor market continues to show robust growth. In January 2025, the number of **employed individuals** was **2.2%** higher than in January 2024 (+513,000 units), with the increase being broad-based and impacting both men and women. Over the course of a year, the employment rate rose by 1.0 percentage point.

As a result, the total number of employed individuals reached **24.2 million**.

62.8%

(+1.0 p.p.
vs Jan
2024)

Employment rate

6.3%

(-0.1 p.p.)
vs Dec
2024

Unemployment rate

This growth is distributed across all professional categories: permanent employees rose to **16,447 million**, temporary employees to 2,663 million, and self-employed workers to 5,111 million.

At the same time, there has been a reduction in the number of job seekers

(**-0.6%**, equal to -9,000 individuals) and inactive individuals (-1.2%, equal to -146,000 individuals).

The unemployment rate declined to 6.3% (-0.1 percentage points), while the inactivity rate fell to 32.9% (-0.4 percentage points).

The figure

In 2024, investments in **student housing** in Italy totalled **386.8 million euros**, reflecting an 18% increase compared to 2023. Approximately 215 million euros, or about 56% of the total, were concentrated in Milan and northern Italy. More than 80%, or 309.8 million euros, came from foreign investors. The average return on investment was **4.5%**.

Bank lending to the private sector in Italy, following a contraction between 2023 and 2024, is projected to resume growth with an increase of **2.4% in 2025 and 3.1% in 2026**, in line with other major Eurozone economies.

The mortgage sector for households is showing signs of recovery. Mortgage rates, which had risen to 4.5% by the end of last year due to the ECB's restrictive policies, have begun to decline. Despite the increase in interest rates, housing prices grew by 1.3% in 2023, supported by an improved economic environment and consistently strong demand.

Overall, the trajectory of ECB interest rates will influence the mortgage market in the short term. However, with the gradual rate cuts, the market anticipates a recovery in the coming years, with **mortgage demand expected to grow by 1.7% in 2025 and 3% in 2026**.

Consumer credit growth in Italy remains steady, driven by an improving economic environment, declining inflation, rising nominal wages, and a particularly strong

labour market.

Estimates for net consumer credit growth indicate an increase of 3.5% in 2024, compared to a European average of 0.9%, followed by 4.9% in 2025 and 5.7% in 2026, the highest increase among the major European economies.

Italian companies have continued their debt reduction process, which began in 2011 with the Eurozone debt crisis and was only temporarily interrupted between 2020 and 2021 during the peak of the COVID crisis.

In the second half of 2024, net corporate loans decreased by 4%, bringing total **corporate debt to its lowest level since 2005, at 30% of GDP**. This figure is significantly lower than in 2020 (40%) and, even more so, compared to the 2010 peak (55%).

Thanks in part to this improvement in private sector balance sheets, the economic recovery in 2025 is expected to **drive private investment** and, consequently, an increase in corporate lending. **Forecasts project growth of 2.4% in 2025 and 2.7% in 2026**.

The Italian Golden Visa program

Since 2016 (Law No. 232 of December 11, 2016), Italy has established a preferential access channel for non-EU foreign citizens wishing to stay in the country for an

extended period.

Joining the Italian Golden Visa program offers several benefits:



Free access to the entire **European Schengen Area** without the need for additional visas



Access to **italian medical care facilities** and National Healthcare System



Possibility to **establish residence** to Italy



Possibility to **obtain Italian citizenship** after 10 years of residence in the Country



No obligation to reside permanently in Italy



Possibility to enroll in the **favorable tax regime** (see page 8 for further details)

Visa holders receive a **two-year investor residence permit**, which can be renewed for additional three-year periods. This visa is subject to an investment made in Italy, which must be maintained for the entire validity of the residence permit.

Once this visa is obtained, it is possible to apply for a **family reunification visa** and a residence permit for family members. Family members are allowed to stay in Italy for the same period as the primary applicant.

There are three investment options:

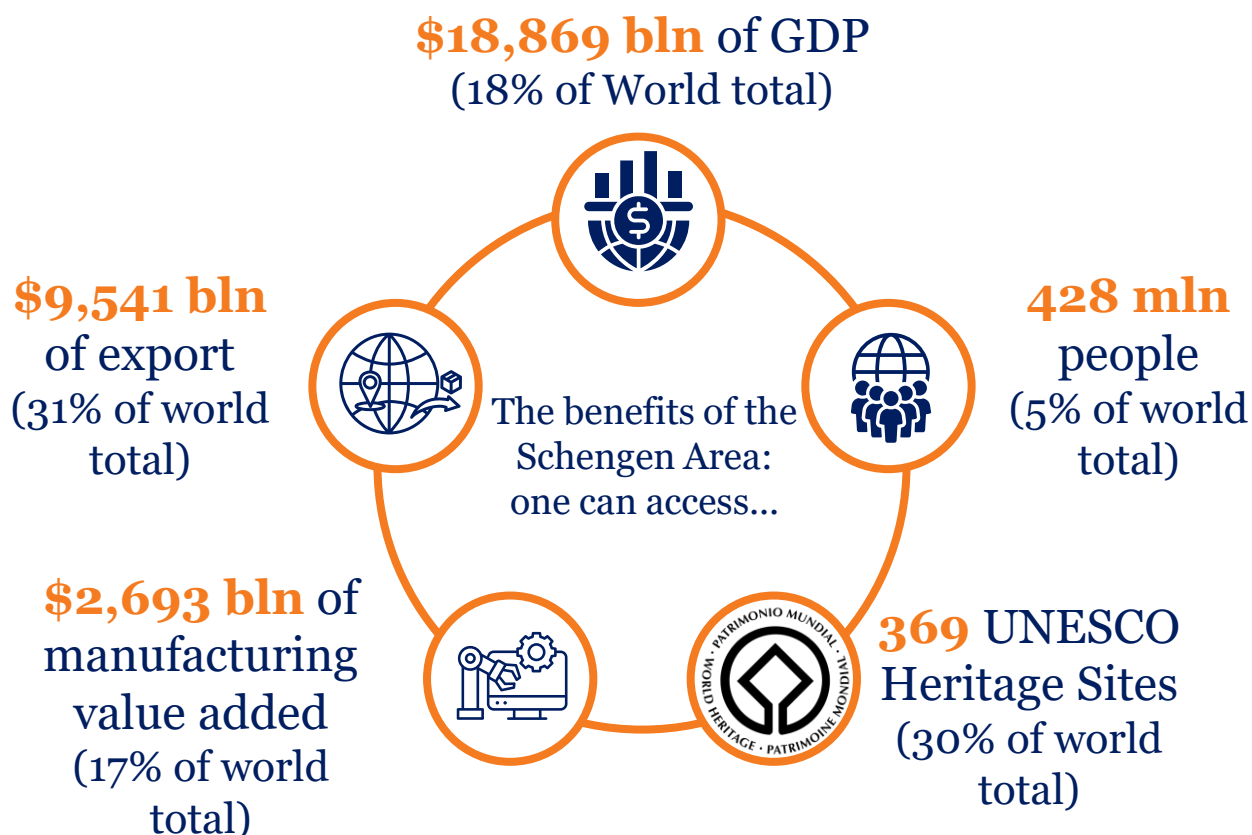
Government bonds issued by the Italian State: A minimum investment of **€2,000,000**. These bonds must have a remaining maturity of at least two years, although it is advisable to purchase bonds (with at least five years of remaining maturity). This is because, once the Italian bonds are cashed out, the investor loses the ability to renew the investor residence permit. However, after five years of continuous residence in Italy, the investor may switch to a permanent residence permit

- **Investment in shares (or equity) of an existing Italian company**, such as S.p.A., S.r.l. or S.r.l.s., requires a **minimum investment of €500,000**. This amount is reduced to €250,000 if invested in an existing Italian innovative startup. The investment must grant the investor shareholder status in the company, as investments in bonds do not qualify for the investor visa. The funds must be invested in a single company, which must be operational — meaning it has been active for at least one year and has filed at least one financial statement.

The investment can be made either by purchasing existing shares from another shareholder or through a capital increase. Additionally, the company chosen for the investment cannot already be controlled by the investor at the time of application.

- A **philanthropic donation** to an Italian non-profit organization, supporting a project of public interest in one of the following sectors — culture, research, migration management, or the restoration of natural or artistic heritage — requires a **minimum donation of €1,000,000**.

For more information, please refer to the [official website](#) of Ministry of Enterprises and Made in Italy

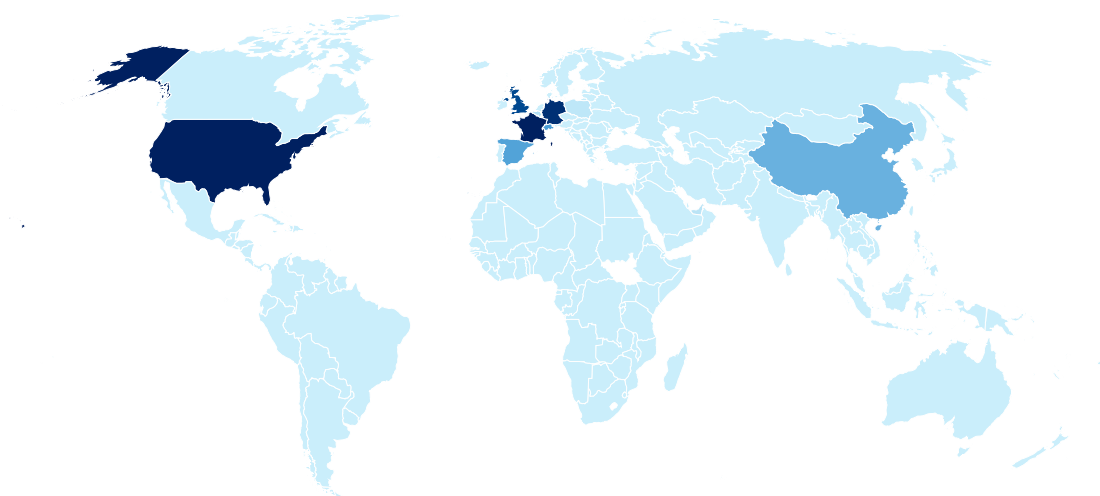


Focus on a sector: Furniture and design industry in Italy

In this section, we examine each month a strategic sector of the Italian economy, providing an overview of the sector's main innovations and most interesting data. In this edition, we focus on the furniture and design industry .

The Italian furniture and design industry stands as a **pillar of global industrial excellence**, playing a crucial role in the country's economic landscape. Generating a turnover of nearly **€26 billion in 2023**, it reaffirms Italy's position as Europe's leading furniture producer and one of the most influential players in the global market. The sector is deeply embedded in the **country's manufacturing tradition**, where craftsmanship meets cutting-edge innovation to create products renowned for their quality, aesthetics, and sustainability. With over **128,000 employees** and approximately **15,000 companies**, the industry is a significant contributor to Italy's industrial output, leveraging a combination of artisanal expertise, technological advancement, and a strong international footprint. Beyond its economic impact, the industry also reflects

Italy's cultural heritage, where design is not merely an aesthetic pursuit but a fundamental driver of functionality, sustainability, and competitiveness. The combination of these factors has allowed **Italy to maintain a leadership position** in global furniture manufacturing despite increasing competition and market fluctuations. Export plays a crucial role in driving growth: Italian furniture exports exceeded **€15 billion in 2023**, with a positive trade balance of **€ 9.8 billion**. The main outlet markets include France, the United States and Germany, although 2023 saw a contraction of 4.2% due to the slowdown in international demand. However, the growing focus on the circular economy and digitalization offers new opportunities to strengthen the competitiveness of the sector.



Furniture and design export (€ millions)

201.325

1207.942

Italy is among the world leaders in the high-end furniture segment, with a strong presence in exports of kitchens, office furniture and upholstered furniture. The propensity to export is set to increase, with forecasts indicating EUR 13 billion of exports by 2026.

The industry also benefits from its deep-rooted commitment to sustainability, with 37% of manufacturers investing in renewable energy, waste reduction, and resource efficiency. Main production hubs, including Brianza, Treviso, Pesaro, and Udine, are driving this transformation by

adopting circular production models and industrial symbiosis, optimizing material reuse, and minimizing waste. A key event reinforcing Italy's leadership in global design is the Salone del Mobile - Milano, the world's premier furniture and design exhibition. Held annually in Milan, it attracts over 300,000 visitors and thousands of exhibitors, serving as a showcase for cutting-edge innovation, sustainable materials, and emerging design trends. The event is a strategic hub for business development, solidifying Milan's reputation as the global capital of design.

The **Salone del Mobile 2025** in Milan is set to reaffirm its status as the world's leading event for design, innovation, and creativity. From **April 8 to April 13**, the international design community will gather at Fiera Milano Rho, where the latest trends, groundbreaking concepts, and visionary projects in furniture and interior design will take center stage. Alongside the **Salone Internazionale del Mobile**, visitors will explore EuroCucina, the International Bathroom Exhibition, Workplace3.0, and S.Project, as well as the eagerly awaited SaloneSatellite, which showcases emerging talents shaping the future of design.

For more information, visit the official website: salonemilano.it

A dedicated tutor for international investors

Investors interested in Italy can rely on tailor-made services offered by the *Invest in Italy* team. The Ministry of Enterprise and Made in Italy (MIMIT) provides potential investors with a **dedicated tutor** that supports the entire investment process.

In particular, tutors:

- support investors in identifying suitable greenfield and brownfield sites;
- facilitate contacts with central/local administrations to obtain the necessary authorizations and permits;
- facilitate contacts with the Italian supply chain, research centres, universities and technical colleges;
- identify the most suitable incentive schemes to support investments;
- facilitate the search for personnel through partnerships with regional employment centres and local employment agencies;
- follow the process of obtaining visas, authorisations and work permits for the staff of non-EU foreign investors.

For more information and to get in touch with a dedicated tutor, please visit; www.investinitaly.gov.it website.

Favourable tax regime for new residents

New fiscal residents in Italy have the opportunity to apply for a **special tax scheme**, that lasts for **15 years**:

- Foreign-source income will not be taxed at ordinary rates, but at a yearly substitutive **lump-sum tax of 200,000 euros**.
- All foreign assets will be **exempted from Italian inheritance taxes**.
- No reporting obligations to Italian tax authorities on assets held abroad.
- No wealth taxes on assets held abroad.
- Exemption from Italian CFC rules on foreign companies.

The flat taxation on foreign-source income can also be extended to family members, for 25,000 euros per year per each additional family member.

Should new residents decide to work in Italy, they could apply for a reduction of 50% over their Italian taxable income from employment or self-employment (within an annual limit of EUR 600,000).

Such reduction is granted for a period of 5 years and can be increased to 60% if moving with a minor. Applicants should commit to maintain their fiscal residence in Italy for at least 5 years and should get minimum educational requirements.

Where to find the right opportunities? www.investitaly.gov.it

The Italian Government has recently launched the official www.investitaly.gov.it website.

The platform is designed to provide foreign investors with comprehensive information on the main investment opportunities in Italy. It presents investors with detailed information on the main strategic sectors, incentives, taxation, labour law and immigration.

Moreover, it showcases more than **300 greenfield** and **brownfield public sites** that are immediately available for industrial and logistic projects.

USEFUL TO KNOW:

The **Ministry of Foreign Affairs and International Cooperation** and the **Italian Trade Agency (ITA)** are the first point of contact for all potential investors.

Italian Embassies and Consulates abroad, together with dedicated ITA'S FDI offices, provide information and facilitate any needed dialogue with other Italian institutions.

Please click on the following links to find updated contact details of:

- **Italy's diplomatic-consular network:** [Italian Missions Abroad - Ministry of Foreign Affairs and International Cooperation](#);
- **ITA's FDI offices:** [Invest in Italy | Italian Trade Agency \(ice.it\)](#);
- **Italy's Ministry of Foreign Affairs and International Cooperation** is also available at the following email address: dgsp-03@esteri.it.