Milan is booming as Britain’s wealthy flee Labour

Starmer and Reeves’s shake-out of London’s super-rich risk turning the trickle into a flood

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Welcome to part three of The Telegraph's War on Wealth series, exploring Labour's tax raids on the rich, the consequences so far and how the Government could go further in the autumn Budget. Catch up with parts one and two.

Milan has always been one of the global capitals of fashion. But the city itself has never been as fashionable as it is right now.

Italy's generous tax perk for foreigners – which eight years ago swept aside complex rules on taxing foreign income, in favour of a flat annual payment of €200,000 (£174,000) – had already been attracting a trickle of well-heeled financiers, family offices and fund managers to Milan.

But the Starmer government's shake-out of London's super-rich threatens to turn the trickle into a flood. Labour is unwittingly transforming an Italian city of 1.4 million people into Europe's go-to home for the footloose cosmopolitan elite.

Property prices are shooting up, private schools are expanding, hotels and luxurious serviced residences are sprouting and members' clubs are opening their doors.

And the lawyers, estate agents and facilitators who help open the gate between London and Milan are taking on more staff to cope with demand.

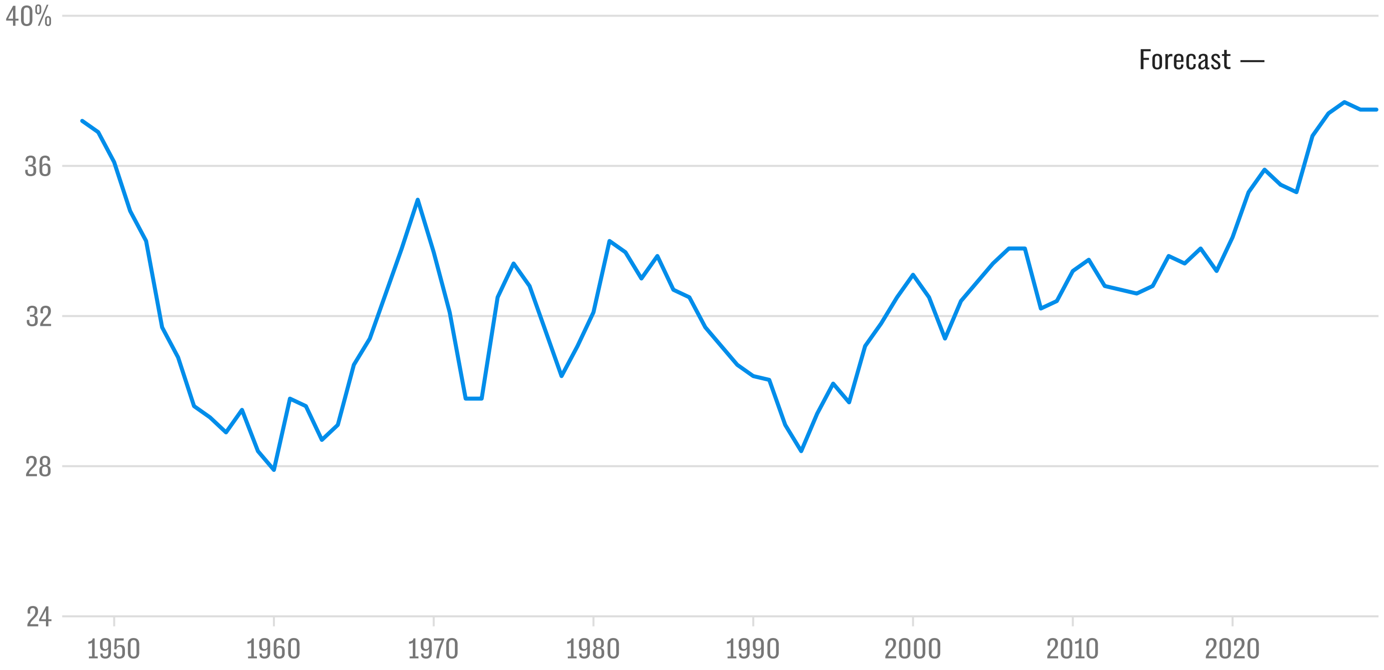
"It's a wave. And when you have a wave, it washes through everywhere," says Flavio Del Monte, an art marketing consultant and long-time Milan resident.

Marc Acheson, of wealth advisory firm Utmost Group, says that even after "one of the most crazy years ever", it's still only the first wave.

This was the initial rush of rich Londoners bolting for the exit, before the UK tax changes came into effect and hooked their offshore assets into the British inheritance tax net for up to 10 years.

UK tax burden set to be highest since 1948

Taxes as percentage of GDP



Source: Office for Budget Responsibility

"The second wave is people that will stay for up to five years, and they're looking for a home to go to after their children finish education," he says.

"And then we've got the third wave, which is UK resident and domiciled people looking at where they can be based to avoid some of the UK taxes that they see coming down the road."

Relocation experts Henley and Partners said it has this year already processed more than twice as many applications for Italy's investor visa – the most common route into Milan – than it did in 2024.

The roll call of Londoners reported to be leaving is replete with big hitters from investment banking, funds management and private equity. Many of these are men in their 50s and 60s, which seems to be the demographic for whom Milan is most magnetic.

But Leslie MacLeod-Miller, a wealth adviser who heads Foreign Investors for Britain, expects the trend to broaden out to "more upper-middle-class professionals, entrepreneurs and executives ... even if they are not traditionally considered globally mobile".

Many are just "waiting to confirm their departure until the Budget".

The impact on Milan is palpable, says Raul-Angelo Papotti, a tax partner at Italian law firm Chiomenti.

"The energy that you feel, that these people bring, is a great energy. Milan traditionally has always been an international city, but it has become even more so."

Property 'surprise'

The bustle is most evident in the centre of town, the Mayfair-like district of Brera, where the brass name plates of private equity firms, hedge funds and wealth advisers now adorn every doorway.

On the high-fashion promenade of Monte Napoleone, well-heeled business folk rub shoulders on the narrow pavements with the increasing number of tourists who come to gawp at the luxury laid bare.

Monte Napoleone, one of the central streets of Milan, runs through the Fashion District and is home to boutiques of famous fashion houses Credit: iliya Mitskovets/Alamy Stock Photo

Many of the well-heeled new arrivals look to rent or buy in Brera. But for Brits in particular, this can become their first reality check, says Daniel Shillito, a buyers’ agent at firms D&G and Property Vision International.

“They’re looking for a luxury lifestyle, and generally that’s an apartment close to the city centre. But there just isn’t the stock,” he says.

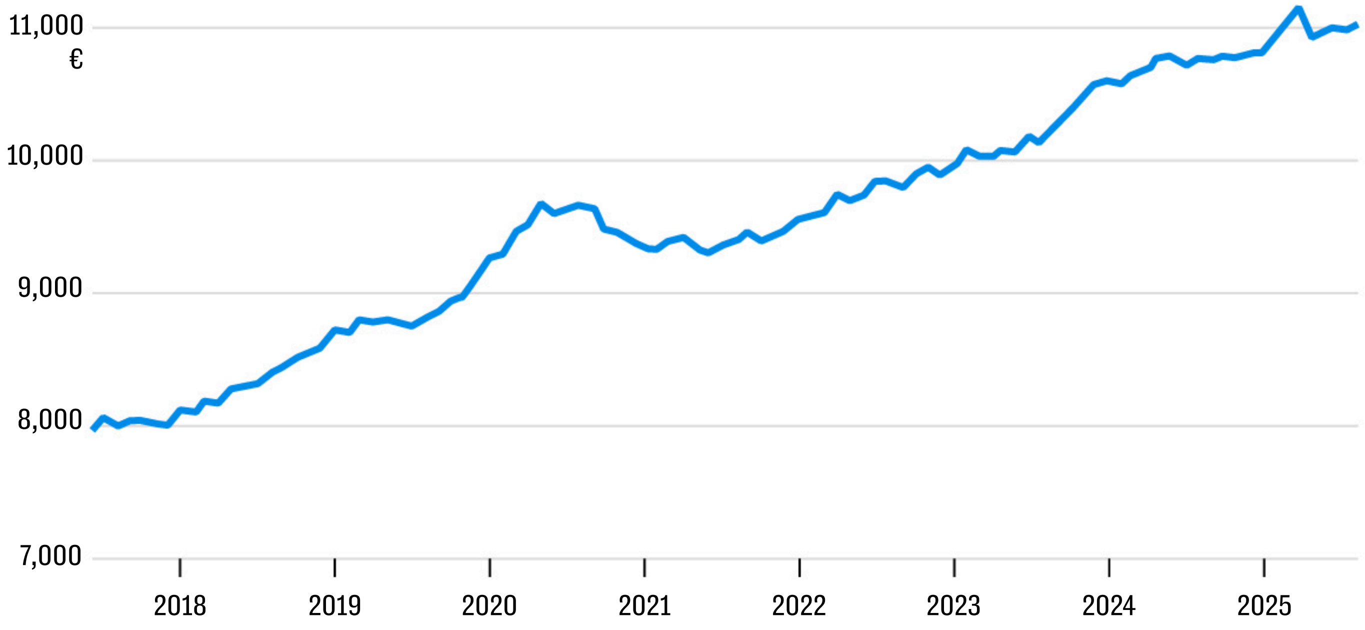
“Or when there is the stock, they go and see it, and they see no outdoor spaces to put their pet. They see kitchens in the back, where people put the service staff when it was built in the 1950s or 1960s, but they want open kitchens with lots of light and balcony spaces.”

Diletta Giorgolo, head of Italy residential at Sotheby’s International Realty, says the wealthy arrivals are looking for at least three or four bedrooms, and often end up looking at Lake Maggiore or other scenic, spacious spots within commuting distance.

If they are expecting to get change from trading in their London property, they are sometimes in for a surprise. Milan’s property prices have risen 50pc since the flat-tax regime was launched in 2017, and are still climbing.

Housing costs are shooting up

Centre of Milan's average property price per square metre



Immobiliare.it

"It's probably one of the most expensive cities in Europe now per square metre," says Francesco Raccato, who heads upmarket hotelier Rocco Forte in northern Italy.

His company has spotted a gap in the market: deluxe, discreet full-service lodgings.

Rocco Forte opened a complex in August last year with 11 apartments in a vintage building in Milan's fashion district. This will be complemented by a nearby hotel, the 71-room Carlton, that opens next month.

About a quarter of the guests are long-stay, spending several months there while looking to rent or buy.

Some want to linger even longer, asking for a year or more. And some of the short-stay guests are repeat visitors.

Staying somewhere like the Rocco can take the sting out of moving from London to a non-anglophone city.

"You don't have to think about anything. If you want a transfer, we get you a driver. If you want groceries, we can shop for you, fill up the fridge. If you need a tailor, we can get him to come here," Raccato adds.

Even without a concierge, expats are finding that English is widely spoken.

That helps when it comes to navigating the byzantine Italian bureaucracy, as every resident must. "The procedures, the paperwork – coming from England, it's just on another level," says Amanda, an expat.

Roberto Bonomi, a partner at the Milan office of law firm Withers, admits this is true, but says Italy is "getting better", and that the super-rich can outsource a lot of the hassle.

"Despite the online procedures, obviously sometimes you have to go and queue … But there are ways to make it efficient, and we can help with that."

Lawyering up

The need for someone to "help with that" has prompted a mini-boom among law firms in the city. Most report hiring more staff, and broadening into new areas of practice.

Charles Russell Speechlys opened a Milan office last November, right by the Duomo cathedral in the heart of town. This month, it recruited a team of lawyers with expertise in corporate transactions, intellectual property and art dealing.

"Initially we were focused on tax. Opening in Milan allowed us not only to follow the movement of clients, to be closer to clients that relocate, but at the same time, to broaden our practice," says Nicola Saccardo, head of the firm's Italian practice.

Clients are also increasingly turning to these lawyers with much wider requests, as their presence in Milan galvanises investment and activity in the local economy.

"We've had clients investing in Italian companies. Individuals setting up businesses, or their own businesses opening up bigger Italian operations, investing more in Italy. Hotels, commercial real estate, residential real estate, private-equity investments," says Chiomenti's Papotti.

Wealthy arrivals in Italy often end up looking at Lake Maggiore for four bedroom properties, according to Diletta Giorgolo, head of Italy residential at Sotheby’s International Realty Credit: Andrea Pistolesi

Bonomi says an increasingly activist class of arriving investors is sizing up Italy’s big crop of family-owned firms. “When these businesses start facing succession planning issues, private equity firms can be a player in these kinds of transfers,” he adds.

“Plus there are trophy assets everybody’s interested in: vineyards, agricultural companies, castles, football clubs.”

Papotti says this reflects a broader desire among the rich to dive right into Italian society. They are learning the language, and making philanthropic donations to museums or cultural institutions. “They want to be part of a community,” he adds.

Clubland comes to Milan

But as the newly minted Milanese adapt to the city, the city is adapting to them. The most talked-about feature of this is the germination of private-members’ clubs.

These offer the discretion and privacy that hotel bars lack, and the ability to linger and mingle that you don’t get at an espresso bar or restaurant. It’s par for the course in London, but Milan has never seen their like.

“In Milano, we used to have special tennis clubs, special social clubs, but they were very closed, very tight in getting new people in,” says Sotheby’s Giorgolo.

The pioneer was Casa Cipriani, which chose Milan for its second members’ club after New York. Opened three years ago, it has several bars and restaurants, a wellness centre and gym, and an elevator with a sofa in it. It runs activities, 90pc of which are in English.

“We see an increasing number of applications to join the community every week, including people who relocate from the UK,” says the family firm’s Maggio Cipriani.

Across town, in Santo Versace’s old home, the Wilde Club offers four floors of dining and drinking, for at least €4,000 a year.

It was opened last year by Gary Landesberg, previously proprietor of the Arts Club in Mayfair.

School’s in

The other fast-changing part of Milanese life is the mushrooming of private schools catering to international students.

“The schools are a growth industry. You walk past them at drop-off or pick-up time, you see the Lambos, the Ferraris, the Range Rovers lined up outside,” says one local.

Global provider Inspired Education Group bought a pair of schools in Milan in the late 2010s and has set about expanding them to meet demand.

Its St Louis School now has three campuses, two of them right in the heart of the city. “In a short period of time, we virtually tripled the population of our St Louis schools,” boss Nadim Nsouli says.

Its International School Milan has just added 20 more beds to its boarding program to meet demand, and it also has a school in Lake Como that is being expanded.

Luigi Belluzzo, an equity partner at Belluzo International Partners, believes about 5,000 people have come to Italy because of the new tax regime Credit: Hans van Leeuwen for The Telegraph

Luigi Belluzzo, an equity partner at Belluzzo International Partners, says he's hearing that it has become harder to get a place at a Milan private school, as the city tries to keep pace with demand.

"The whole ecosystem is reacting. And probably this is just the tip of the iceberg," he says.

He says his "gut feeling" is that about 5,000 people have come to Italy because of the new tax regime, although others claim the figure is much higher.

"That's a drop in the ocean of the Italian population. But it's a very good drop," Belluzzo adds.

The drop is causing a big ripple, but how long will it last? Other European countries have turned against the wealthy, and Italy has a chequered political history.

The boom's beneficiaries unanimously argue that the flat-tax regime is here to stay. It has outlasted governments of both left and right, they say.

And although the annual flat tax that must be paid was last year doubled to €200,000, this was not made retrospective. There seems to be a political consensus that the scheme works as intended, which lowers the risk it might be rescinded.

The regime seems to have given Italy an edge over tax-happy European rivals like Switzerland, Greece and Spain.

And if Chancellor Rachel Reeves tightens the tax screws harder on London's wealthy set when she hands down her Budget in late November, the prosecco corks will be popping in Milan.