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FT REPORT - HOUSE AND HOME: Balancing real life against art

By Carolyn Lyons, Financial Times
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On November 4 1966, Florence flooded to a depth of 20ft. When the river Arno retreated, it left the capital of the Renaissance, home to some of the world's greatest art and architecture, shrouded in mud and heating oil - a city so devastated many thought it could never recover.

Forty years on there is little sign of the great flood apart from the discreet plaques on walls showing the 1966 high-water mark. Florence is a bustling provincial hub, with most of its masterpieces rescued and its narrow medieval streets choked year-round with tourist groups and their flag-toting guides. A new cultural initiative is expected to draw even more visitors with a world-class exhibition programme centred around the Palazzo Strozzi and the city will get its first Four Seasons luxury hotel in October.

Locals are still concerned, however - not so much about flooding any longer (though not all the recommended defences have been constructed) but about Florence's future as a working metropolitan area. They fear that it is becoming a living monument, crowded with transient art lovers but no longer inhabited by a real community.

Demographics are part of the problem. From its 1971 peak of 458,000, the full-time Florentine population declined to 356,000 by the 2001 census, partly because of Italy's low birth rate but also because of urban flight, as residents fled rising traffic congestion, severe restrictions on private cars and high daily living costs. Those who left were mainly replaced by hotel operators, buy-to-let investors and some holiday home owners, who have changed the town's atmosphere, says Alessandra Capodacqua, who relocated from her native Naples in 1980. "When I first came, Florence was quiet; there were fewer tourists or traffic," she explains. "Now it's become a big city like Rome but without the space to contain it. The quality of life has definitely gone down."

The property market is now a tale of two cities, according to residents and estate agents. One has historic palazzi and elegant residences that only the very wealthy can afford; the other is full of overpriced, lower-end apartments, which are still in demand due to constraints on new supply. "If you are in Fiesole, Bellosguardo, Settignano, Porto San Giorgio, Piazzale Michelangelo or a beautiful central city building with a garden view, prices are about €10,000 per sq metre," says Stefano Sabini, the Florence agent for Brian French in the UK. "At the medium level, prices for central apartments start at €5,000 per sq metre but a buyer should count on spending €6,000 and upwards for something more charming."

Corso Flaccomio of the city's Pitcher & Flaccomio agency agrees that "the average price for an apartment in town - say second floor, no elevator, reasonable condition - is €5,000 per sq metre". "Florentine families now are going for smaller places. They have the same budget but they can afford one bedroom less, so they're living Japanese style," he says. His fear, he adds, is a situation where "the city centre will all be turned into bed and breakfasts or holiday flats to let".

Caterina Biagiotti, whose family owns several luxury shops in the city centre and who grew up in the surrounding hills, in Fiesole, echoes his concern. "Right now there's a big market in Oltrarno, on the south side of the Arno. They have beautiful houses there that are worth the money but now they are selling ones that aren't so good - the lower-class housing that is cramped and small - for €4,000 to €5,000 per sq metre," she says. "It's getting harder and harder to find larger, family-size apartments because the rental returns are so high that people are chopping up properties into smaller and smaller units, a bit like in Venice - or in London."

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One such project is happening at the 15th-century Palazzo Tornabuoni, known as the Strozzi's "little brother". It is being transformed into a "private residence club" with 36 apartments for 288 members to use for just over six weeks a year each. "We took the idea from America but we've done something completely different with it. This is the first in a city of art," says Jacopo Mazzei, chief executive of developer RDM, part of the Fingen Group, which is also behind the Four Seasons hotel. Tornabuoni members will have access to the hotel spa and pool, a 24-hour concierge service and special events at shops, museums and local vineyards.

Still, by returning the palazzo to residential use - it was most recently the headquarters of Banca Commerciale - and embarking upon a sensitive €100m restoration showcasing its Renaissance courtyard and pillars, ceilings of stained glass and carved wood, marble fireplaces, grand staircase and two floors of frescoed rooms, RDM is also aiming to honour the Florentine lifestyle of old and "bring life back to the city centre".

"We're not marketing it as a financial investment," says Enrico Cristiani of Fingen. "We want you to marry into the idea of being part of a community that loves the art, loves the wine and food and loves Florence."

Prices range from €189,000 for use of the palazzo's studios to €455,000 for two- or three-bedroom apartments, with annual fees from €7,000-€17,000 plus €350 housekeeping for every week you stay.

That compares with €1.7m-€3.4m for outright ownership of one of three restored apartments in the 18th century Villa Cjaikowsky, which are being marketed by Brian French, and €2m for a 200 sq metre space with a large terrace, frescoed ceilings and two fireplaces in a building in Santa Croce, listed with Flaccomio. A more reasonable two-bedroom maisonette in the same area is available for €360,000, while a 50 sq metre Oltarno studio is priced at €600,000.

Given the high prices, such properties are increasingly selling to wealthy foreigners. "We're seeing a trend for [people] to want properties closer to places like Florence or Siena," Sabini says. "Some still want to be in the middle of nowhere but there's a movement toward the cities." Flaccomio says 90 per cent of his clients are from outside Italy.

Biagotti acknowledges that some locals are contributing to the problem. She recently bought two city centre apartments, including a pied a terre next to the Ponte Vecchio, to run as holiday lets. ("My secret is I look a lot," she says. "It took me 18 months to find.")

Yet she's confident that Florence can remain a "real" city for full- and part-time residents, both Florentines and expatriates, as well as tourists. "We had a very bad period 10 or 15 years ago but now it's a lot better," she says. "They've cleaned the city up a lot and they're starting to open small supermarkets again to make the centre more liveable. There's a large group of Florentines who've always lived in town and always will. I have lots of friends who live in Santo Spirito. [And] all those people who moved out are selling their country houses and coming back.

"I don't think Florence will ever become a living museum like Venice," she adds. "Some areas will be taken over by tourism - around the Duomo maybe or Via Calzaiouli - but that happens in all major cities. There are many other areas to enjoy. You can get anywhere on foot. You can take your kids to good schools on your bicycle. At night, you can walk to restaurants with your husband. People love to live in Florence."

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