

MAY 2023

PORTUGAL RESIDENTIAL MARKET

A NEW LIFE IN THE SUN



SAVILLS PORTUGAL

Contents



Key take-aways	04
A new life in the sun	08
Economic overview	14
The aftermath of covid-19	20
The rise of digital nomads	21
Lisbon, the coolest european city	22
Oeiras, the upcoming city	37
Cascais, the portuguese riviera	40
Porto "A Invicta"	46
The Algarve, the land of second homes	54
The Golden Visa, what has changed?	58
Sustainability: think green, act green	62
The buyers guide	68



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We provide bespoke services for landowners, developers, occupiers and investors across the lifecycle of residential, commercial or mixed-use projects. We add value by providing our clients with research-backed advice and consultancy through our market-leading global research team.



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KEY TAKE-AWAYS



INTEREST RATES AND INFLATION

The record-breaking increase in interest rates, as a measure to get inflation under control, has taken a toll on many middle income Portuguese families and their budget, since many of them have purchased their properties under variable rates. Even though the real estate industry faces its challenges, the residential market comes out strong once again and continues to attract international investors, while also witnessing an increase in the demand that comes from Portuguese upper-middle and upper-class families, with higher purchasing power and better leveraged.



CONSTRUCTION COSTS AND THE LACK OF LABOUR

The raw materials shortage issue first came into being due to oscillations in demand and supply chain disturbances because of lockdowns during the pandemic. Consequently, construction prices started to increase, adding up to already existing problems in the industry, namely, the lack of labour, licensing setbacks and delays in the stipulated completion date of developments under construction and refurbishment.

Additionally, the outbreak of the war in Ukraine has been another contributing factor to sharp ongoing increases in gas, energy and petrol prices, which has naturally had an impact on construction costs.



LISBON, THE COOLEST EUROPEAN CITY

The historical and trendy city of Lisbon has been more popular than ever before. Through the Golden Visa programme, foreign investment has brought to the city growth, diversity and development throughout all these years. Furthermore, digital nomads, international residents and the fact that the capital has become a new tech hub, welcoming several large corporations, created an even greater need for housing.

According to SIR, in the Lisbon Metropolitan Area, 50,823 residences were sold in 2022. This is the Portuguese region with the highest number of housing transactions, having been responsible for roughly one third of all the deals in the country. On the other hand, Lisbon, as expected, is the city with the highest number of transactions in Greater Lisbon and in the country, with a total of 11,297 in 2022, representing 22.2% of all closed deals in the region.



THE RISE OF DIGITAL NOMADS

The world has immensely evolved, technologically speaking, throughout the years. We have seen companies shifting completely from full time schedules at the office, from remote and hybrid work schemes, giving workers the opportunity not to be centred in one city. Digital nomads have continuously been discovering the best of Portugal and the word seems to be spreading out quickly. By the end of October 2022, Portugal had become so popular among digital nomads that the Portuguese government opted to create a special visa for workers coming from non-EU and Schengen countries, who want to live in Portugal while work remotely.

In 2023, a study carried out by Holidu, a travel search and booking platform, elected Lisbon as the best city in the Iberian Peninsula for digital nomads, followed by Barcelona and Madrid. Amazing weather all year around, security and gastronomy are just some of the many reasons expats just keep falling in love with this colourful city.



PORTO “A INVICTA”

The second largest city in Portugal has attracted a lot of attention from foreigners, almost as much as from locals. The city has been considered, by many stances, a great location for retirees, either coming from EU and non-Eu countries, as a more affordable and calmer alternative to Lisbon.

Porto has become so popular that the city has been elected as the World’s Leading City Break Destination 2020 by World Travel Awards 2020. In addition to winning the prize of European Best Destination in 2012, 2014 and 2017, awarded by Best Destinations in Europe.



THE ALGARVE, THE LAND OF SECOND HOMES

No other place is more popular amongst tourists than Algarve during summertime, both internationally and nationally. The region is the Brits’ favourite, since they represent the largest portion of home buyers in the zone, thus, giving this beautiful, sunny coastal place, the title of The Land of Second Homes in Portugal.

Such a label has obviously have had a great impact on housing prices, an issue that seems to be widespread in the country.

During 2022, for example, Algarve has had almost 4.8 million guests and it is undeniably one of the most popular destinations in Portugal. Throughout the years, the region has also had the highest number of overnight stays in the country, rounding up to 18.6 million stays.



SUSTAINABILITY: THINK GREEN. ACT GREEN

As the world becomes more and more aware of the need to immediately cut CO² emissions and the high consumption of construction materials across the real estate sector, we are gradually seeing these shifting attitudes echoed in the value of residential properties.

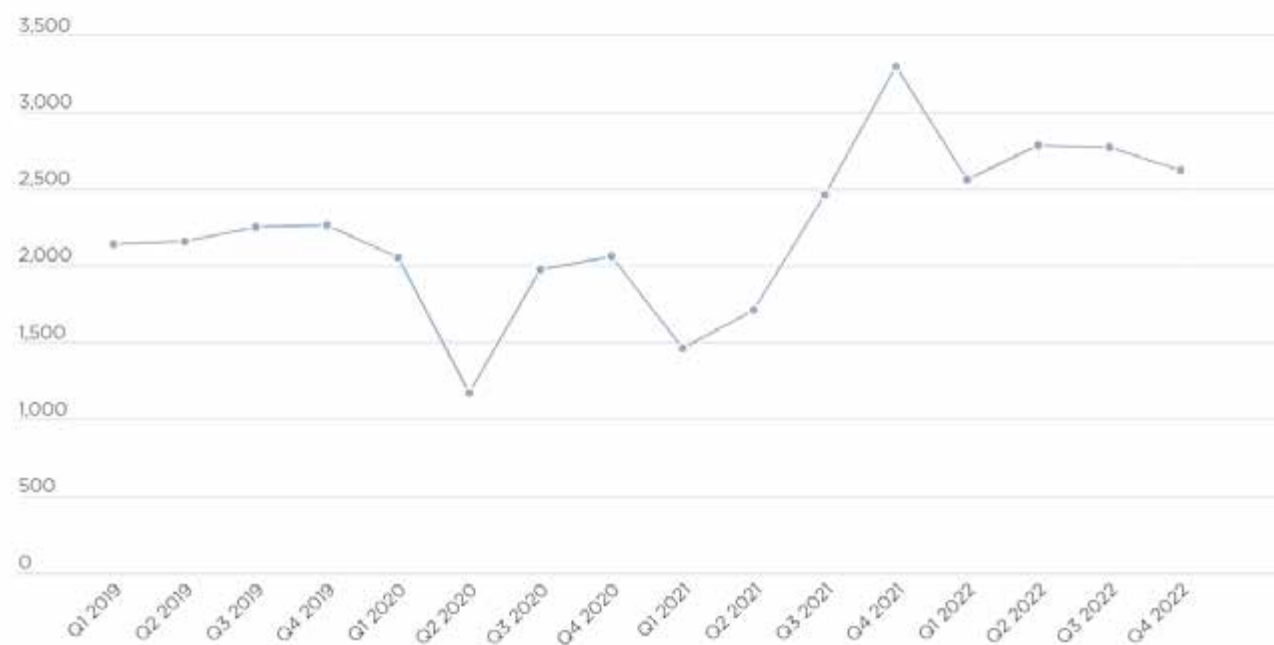
The appliance of ESG policies when it comes to either refurbished or new-built developments, plays a major impact on the future of the planet. During this chapter, we touch on how Portugal, especially Lisbon and Porto, has constantly been taking steps towards becoming more eco-friendly and its current and future challenges.



A NEW LIFE IN THE SUN

The past two years have been marked by unpredictable events. After the Covid-19 pandemic, the world has gone through changes regarding the way we experience our homes.

NUMBER OF RESIDENTIAL PROPERTIES TRANSACTIONS - INTERNATIONAL BUYERS



Source: INE

The real estate market has gradually begun to reflect these changes with a substantial increase in demand.

The Portuguese residential market, more specifically, Lisbon, has become a case-study of how a city, which had its historic centre practically abandoned, was reborn after the Global Financial Crisis and quickly became one of the most attractive cities nowadays.

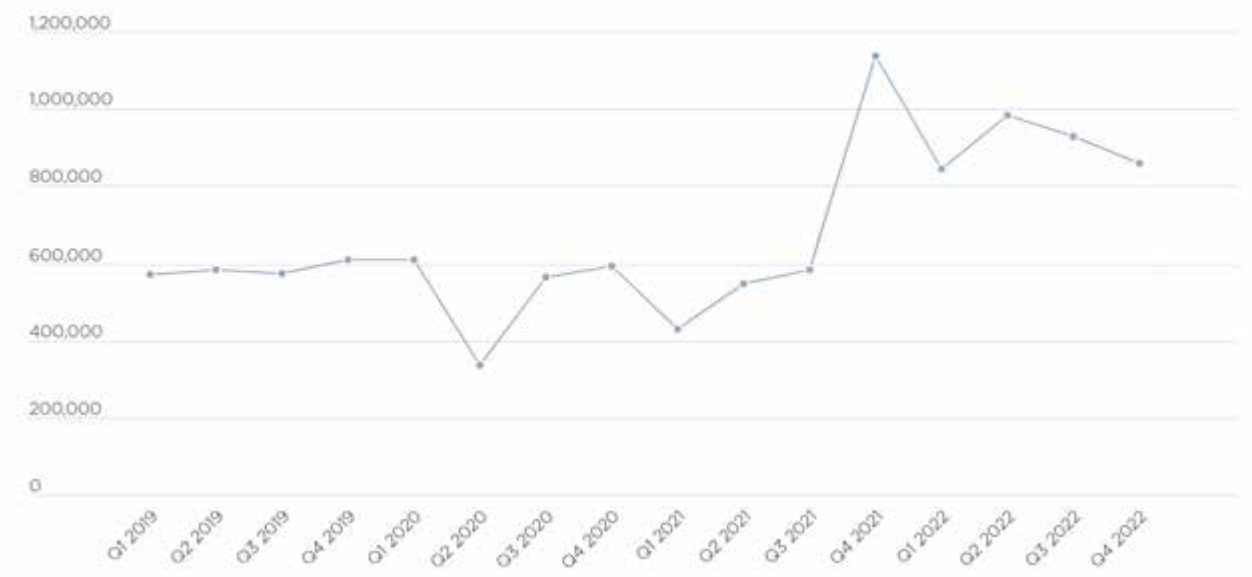
The main goal of this report is to give more oriented and detailed information about the challenges the residential market has faced and how it remains strong, interesting, and extremely resilient, despite the current global issues.

Portugal has become extraordinarily attractive to many foreigners, who, according to the Bank of Portugal, spend an average of 95% more on residential properties than

Portuguese residents. According to INE, by the end of 2022, the amount of investment in the Portuguese residential market that came from both EU buyers, other than Portugal, and non-EU countries, accounted for 3,6 billion euros, with a total of 10,722 properties sold to foreigners.

With the arrival of low-cost airlines and all the attention from international investors, the city centres have seen an increase in numbers of hotels, tourists, digital nomads and foreigners, though, demand outstripping supply is not exclusive to this beautiful Southern European country. Another contributing factor can be attributed to such scarce number of dwellings available for sale in the country, which has dropped to its lowest in 15 years, causing prices to skyrocket. In addition, the bureaucracy of licensing and processes make construction work fairly costly and licencing a long process.

RESIDENTIAL PROPERTIES TRANSACTIONS (M€) - INTERNATIONAL BUYERS



Source: INE

FOREIGN POPULATION IN PORTUGAL



Source: INE

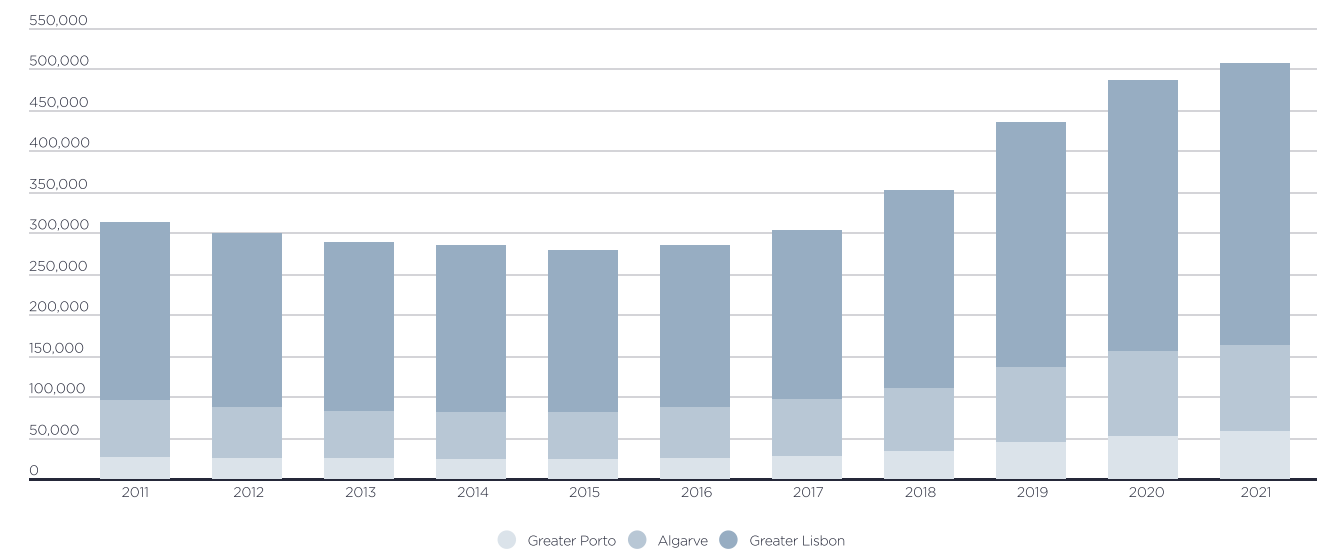
Madeira Island even has a community fully dedicated to expats. The beautiful Portuguese island, surrounded by the Atlantic Ocean, known for its mountains and hiking trails, even has its very own digital nomads' village, which opened its doors in 2021. Located in Ponta do Sol, it was an initiative set up between Startup Madeira and the government of Madeira. The village centre can accommodate up to one hundred people a day, though there are only 21 seats inside the space. The community centre is free of charge. Expats only have to be registered to make sure they can guarantee a spot, since it has become fairly popular among digital nomads.

The pandemic has catalysed remote working in many ways. Just recently, the Portuguese government has announced a new visa for digital nomads. It is a one-year permit for expats that come from the outside of the EU or EEA to live in Portugal. To qualify to the new programme, remote workers must earn at least 2.800 € per month, being self-employed or employed by a company based outside Portugal. Keeping in mind the country also features a vast abundance of modern co-working spaces, digital nomads are offered even more options of workspaces and opportunities to integrate with other travellers. It is expected that this initiative will boost even more the residential market in the country.








The Portuguese capital has even been considered the best spot for digital nomads, according to the Savills Executive Nomad Index, a ranking including another 14 incredible places. The Algarve region ranks 4th on the list. Quality of life, internet speed, climate, rent and air travel connectivity were the aspects considered to define the best cities for expats.

FOREIGN POPULATION IN PORTUGAL BY REGION



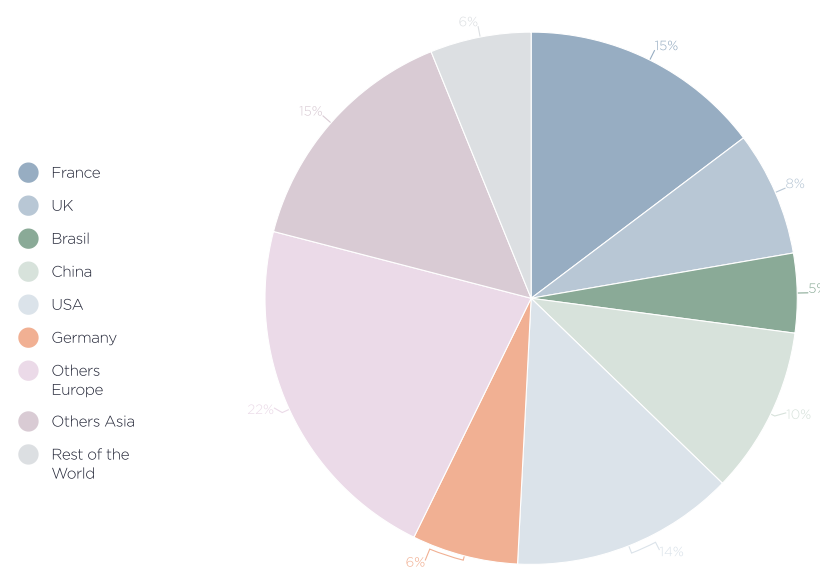
Source: INE

BUYER'S PROFILE

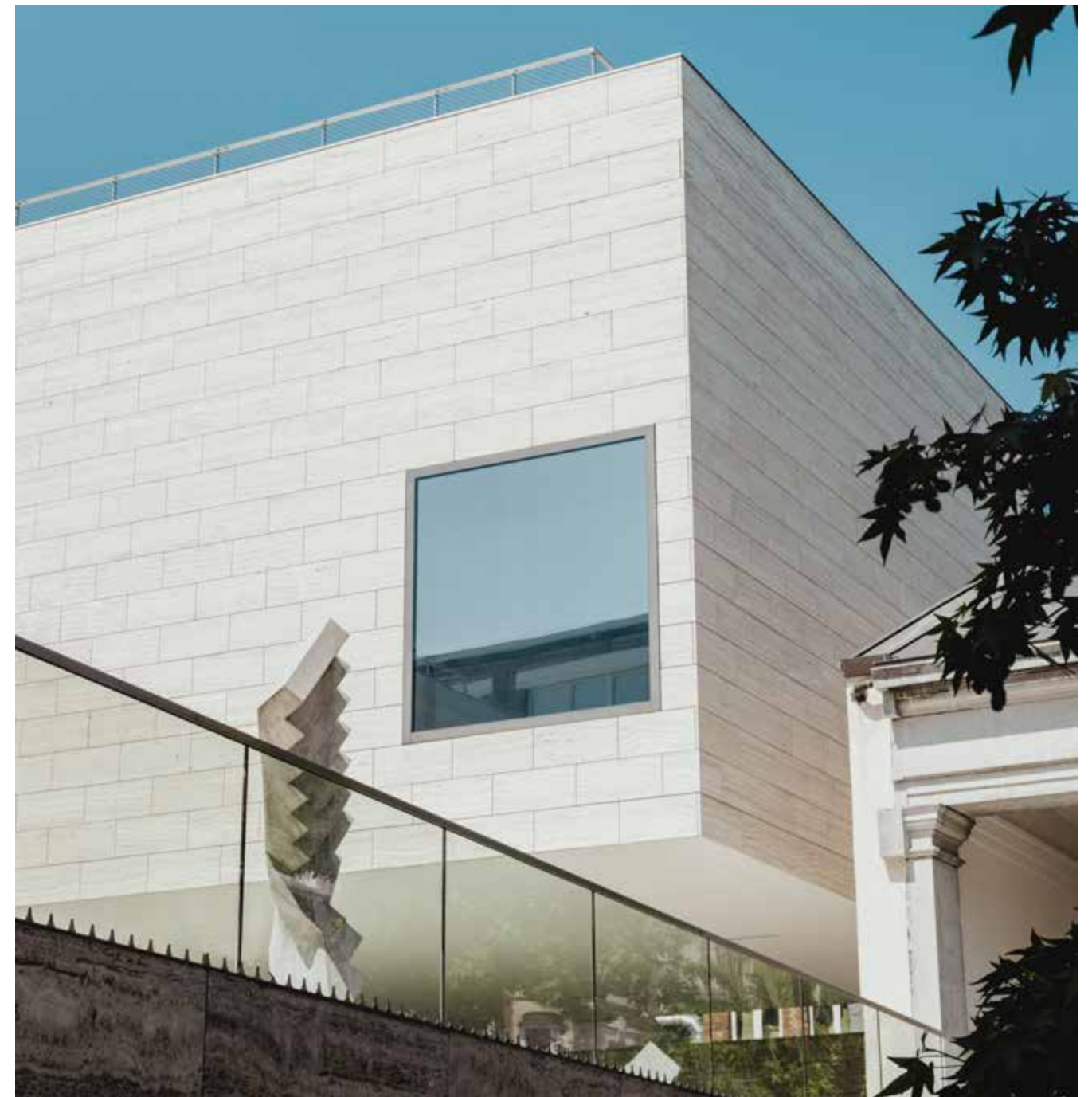
	 FRANCE	 UK	 BRAZIL	 CHINA	 USA
AREAS OF PREFERENCE	AVENIDA DA LIBERDADE AMOREIRAS ESTRELA PRINCIPE REAL GRAÇA	AVENIDA DA LIBERDADE AMOREIRAS ESTRELA CASCAIS	AVENIDA DA LIBERDADE CHIADO PRINCIPE REAL CASCIAS ESTORIL	EXPO CASCAIS	AVENIDA DA LIBERDADE AMOREIRAS ESTRELA PRINCIPE REAL
ACQUISITION PURPOSES	PERMANENT RESIDENCE SECOND HOME	SECOND HOME GOLDEN VISA INVESTMENT FOR FUTURE INCOME	PERMANENT RESIDENCE SECOND HOME GOLDEN VISA INVESTMENT FOR FUTURE INCOME	GOLDEN VISA INVESTMENT FOR FUTURE INCOME	PERMANENT RESIDENCE SECOND HOME GOLDEN VISA INVESTMENT FOR FUTURE INCOME
VALUED CHARACTERISTICS	LOCAL PRESTIGE REHABILITATED CLASSIC BUILDINGS RIVER VIEW	LOCAL PRESTIGE	2 ROOMS (MIN) SUITES ARCHITECTURAL STYLE CONVEYING HIGH SOCIAL STATUS	GUARANTEED RETURN ON INVESTMENT	LOCAL PRESTIGE REHABILITATED CLASSIC BUILDINGS RIVER VIEW
AMENITIES AND VALUED SERVICES	ARE NOT A PRIORITY	POOL GYM	POOL GYM GARDENS WIDE BALCONIES	ARE NOT A PRIORITY	POOL GYM

Source: Savills Residential Department

HOUSES SOLD IN LISBON CITY BY NATIONALITY 2022



Source: Savills analysing SIR

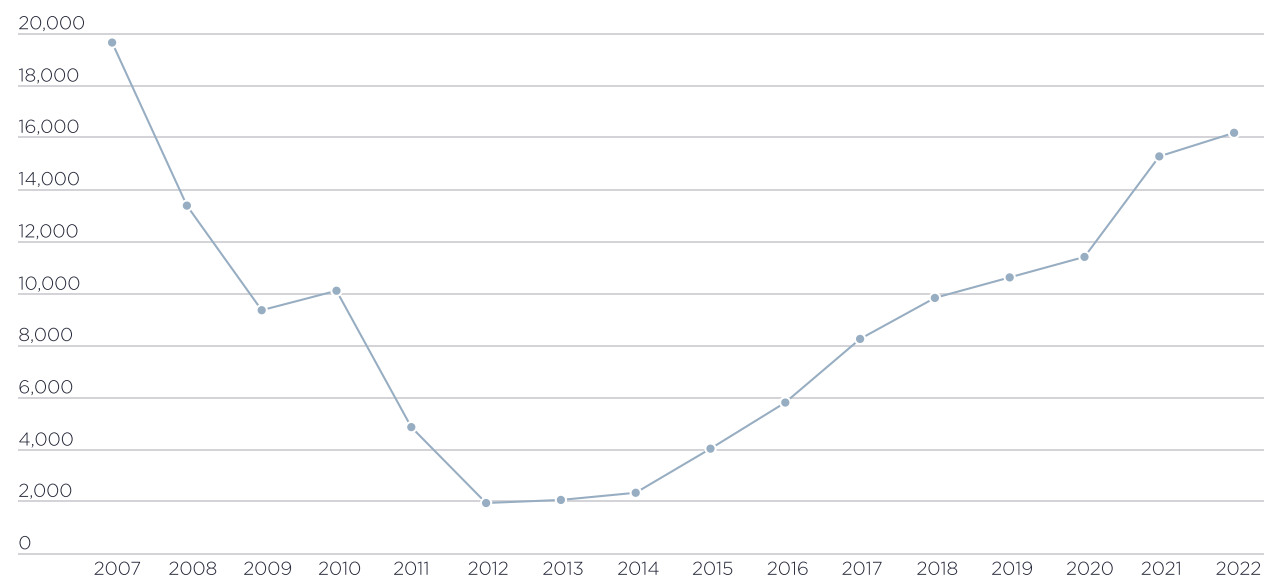


According to SIR, foreigners were responsible for buying roughly 1,600 homes in Lisbon city in 2022. French citizens acquired 235 properties last year (15%), followed by Americans and Chinese residents, with 217 (14%) and 162 (10%) dwellings, respectively. Europeans account for 50% of the transactions under this category, with purchased of 807 residential units.

ECONOMIC OVERVIEW

INTEREST RATES AND INFLATION

NEW LOANS GRANTED TO INDIVIDUALS FOR HOUSE PURCHASE (M€)

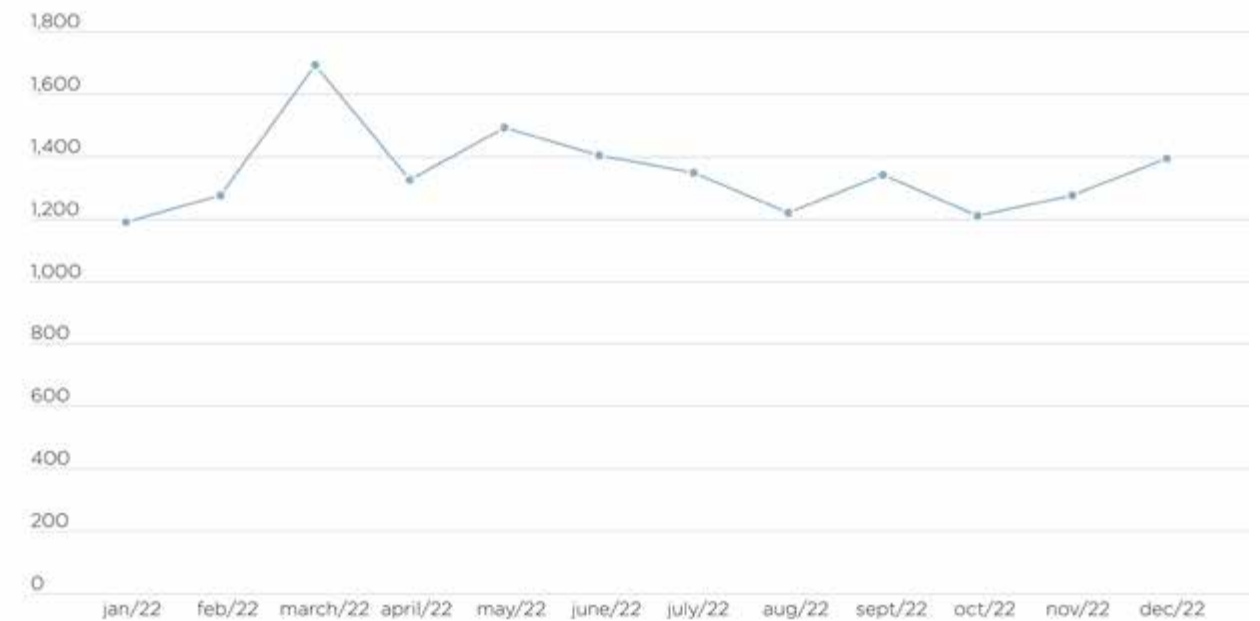


Source: Bank of Portugal

Interest rates have reached their peak in 11 years, surpassing what many specialists expected and predicted. As interest rates have a direct impact on Euribor, those who have recently bought a house, particularly in the last 5 years, with variable rate loans have experienced significant increases in their mortgage payment. These families face uncertain times and what might be a considerable change in their monthly budget. The question is whether many Portuguese households can fit these extra expenses into their budget. However, the high-end and medium-high residential market do not seem to be affected, since many wealthy families are able to afford to buy properties without a mortgage.

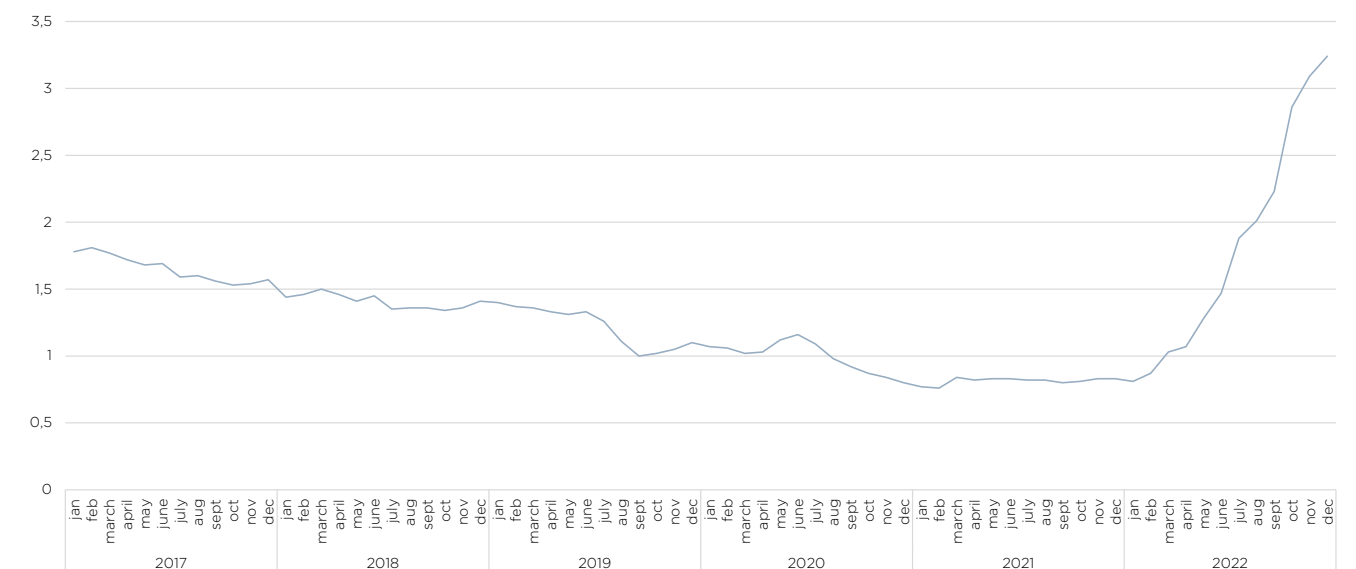
In 2022, banks granted a total 16,1 billion euros for new home loans, the largest amount since 2007. According to a study by the Bank of Portugal, 169,000 people took out a mortgage, 2,000 more than in 2021. Two in every three people who took out a mortgage loan lived in the North region and in the Lisbon Metropolitan Area. The majority of people who took out a mortgage loan worked as employees and had a higher level of education and 61% of the housing loans granted in 2022 were contracted with people aged up to 40 years old.

NEW LOANS GRANTED TO INDIVIDUALS FOR HOUSE PURCHASE YEAR 2022 (M€)



Source: Bank of Portugal

INTEREST RATE LOANS - HOUSE PURCHASES (%)

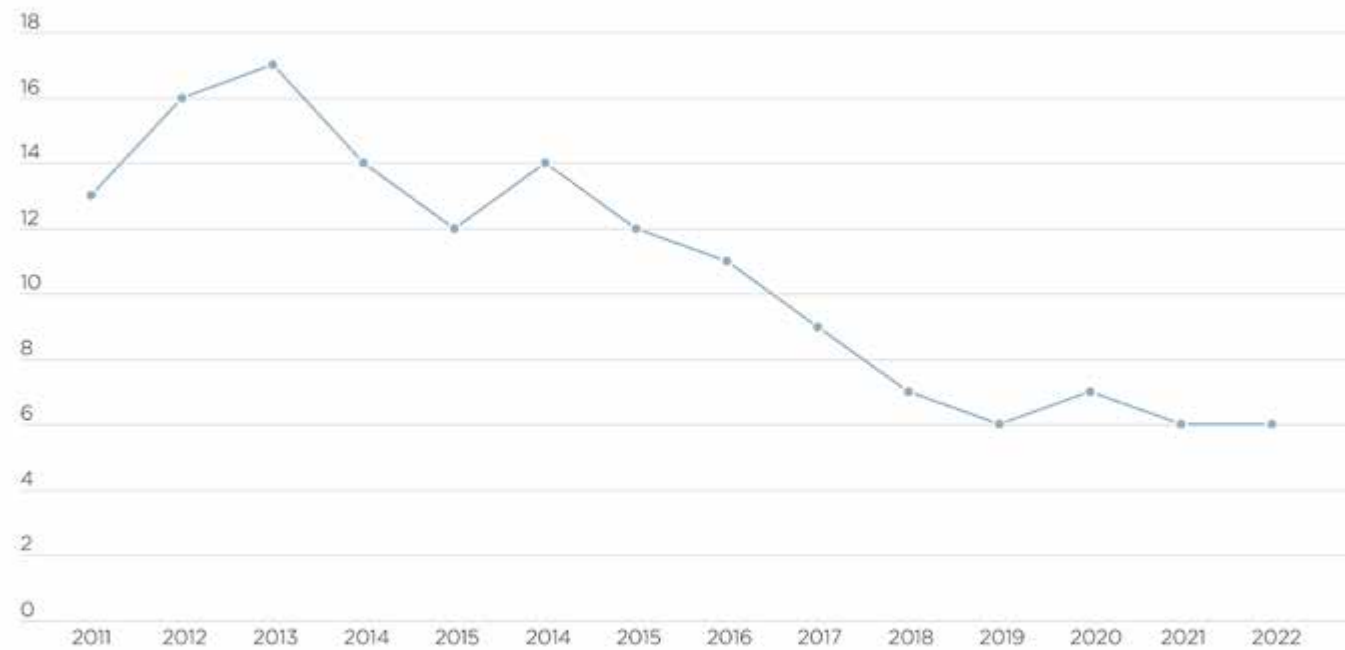


Source: Bank of Portugal

In 2022, the average interest rate for new home loans more than tripled when compared to 2021, going from 0.83% in December 2021 to 3.24% in December 2022. This rise follows the curve of Euribor rates, which, in December, averaged 3.03% in the 12-month term, 2.57% in the 6-month term and 2.07% in the 3-month term.

Another factor that could also be considered as a reason for increases in housing prices throughout the years, is the low unemployment rate in Portugal, which reflects a progressive economic recovery in the last decade. Naturally, it meant people felt more confident to purchase residential properties and get mortgages. From 2013 to 2019, there was a continuous decrease in unemployment rates in the country, with 2020 (7%), having presented a slight increase of 0.4% compared with 2019 (6.6%). In spite of all the current economic challenges, 2022 unemployment rates reached an average of 6%, the lowest one since 2002, at 5%.

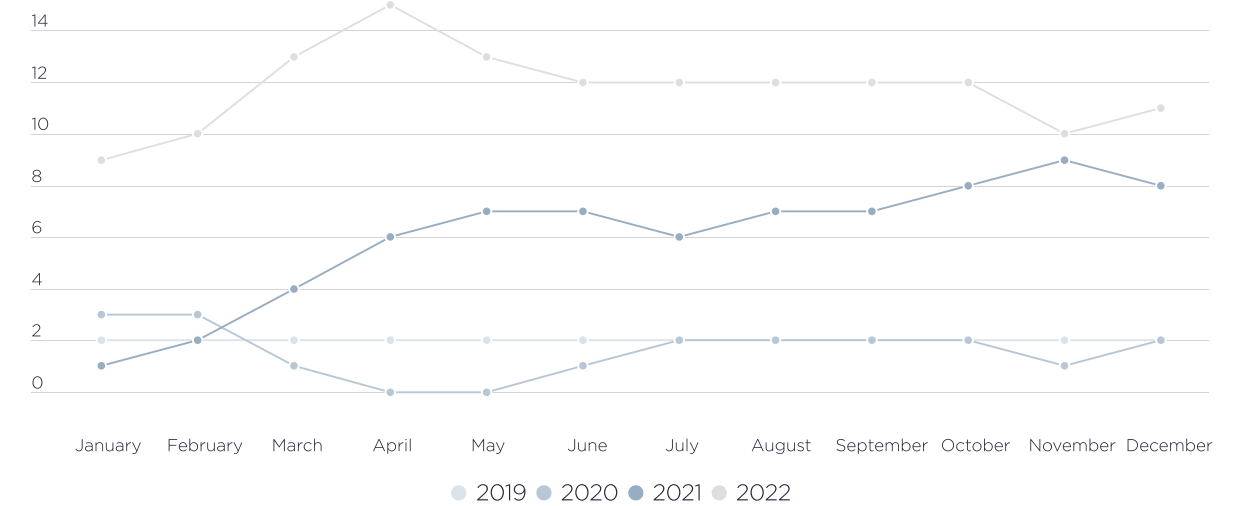
UNEMPLOYMENT RATES
IN PORTUGAL (%)



Source: INE

CONSTRUCTION COSTS AND THE LACK OF LABOUR

EVOLUTION OF
CONSTRUCTION COSTS (%)



Source: INE

In December 2022, construction costs for new residential buildings have increased by 11% on a year-on-year basis, according to INE (National Statistics Institute). The price of materials and labour costs rose 14.2% and 6.7%, respectively, one the consequences of the outbreak war in Ukraine and of the Covid-19 pandemic. Developers face ongoing price increases when it comes to raw materials, labour, fuel, and electricity.

It is a fact that the raw materials shortage issue first started with fluctuations in demand and supply chain disruptions caused by the pandemic. It appears to be a longer-term crisis aggravated by the war in Ukraine and the generalised increase in prices, attributed to the inflation rate hitting its peak in 29 years.

The global challenges and events that unfolded last year have massively impacted some of the strongest economies and industries, and the real estate sector is no exception. Given this context, it is essential to be aware of what is happening in the market by measuring its course. Savills interviewed Pedro Silveira, CEO of Grupo SIL, Carlos Vasconcellos President and Founding Partner of Quantico - Albatross Capital and Diogo Pinto Gonçalves, CEO of Westport International on the impact of rising construction costs, price increases and how the development of their new projects has been affected.

For Pedro Silveira of Grupo SIL, the current macroeconomic context is not having a strong influence on the development of projects. They continue to advance as in the past. In 2 or 3 years this phase will have passed, if not before, and even if the context remains difficult we will only have to adapt what is necessary".

Regarding ongoing projects, in the units already sold, Grupo SIL is absorbing the extra costs. However, regarding those that are still in the sales phase, the increase in construction costs is being passed on to future buyers.

When asked if 2023 is a year of moderation, to take risks or to "wait and see", Pedro Silveira said "It's not a year to take risks or to wait and see. It is as always time to continue working. The results vary depending on the period we are living in, but this is something we are used to since 1952 as a group (it is part of it, it is always changing and it is never boring).

For Carlos Vasconcellos from Quantico - Albatross Capital, there needs to be more care in the selection, greater rigor in the economic and financial analysis and preference for projects without urbanistic risks.

In cases where projects are ready or almost finished, some cost increases have been absorbed by the developer, but regarding new projects or those in the initial phase, the tendency is to incorporate the real costs into the price.

Carlos Vasconcellos states "2023 is a year of uncertainty. However, we want to continue growing and investing in projects that contribute to ceasing the current issue we face regarding low supply vs high demand".



PEDRO SILVEIRA
CEO, Grupo SIL



CARLOS VASCONCELLOS
President of Quantico and Founding Partner of Quantico - Albatross Capital

HOW IS THE CURRENT MACROECONOMIC CONTEXT INFLUENCING NEW PROJECTS PLANNING?

"The global events that have haunted the world, creating in many markets, and real estate is no exception, a sense of uncertainty and inability to make predictions.

We are currently experiencing a war, with disastrous consequences, both from human and economic points of view, that we do not know when and how it will end.

We still live under the spectre of a pandemic, still latent in China, and we cannot predict its containment or spread across Europe and the world, which, if it is to happen, will have catastrophic consequences for the economy.



DIOGO PINTO GONÇALVES
CEO, Westport International

The compulsory two-year break around the world, caused by the pandemic, generated costs of context, both production and logistics, triggering the cost of raw materials and, consequently, construction costs. Fortunately, the increase in these costs is already in the stagnant phase, though, there is still a question market when it comes to labour work costs. These, mostly caused by the unavailability of labour, low wages or subsidy dependence, do not allow construction costs to return to the pre-pandemic levels.

All these events, and uncertainties, enhance the risk in doing business, increase the implied interest rates of financial markets, and generated inflation levels that the market was not accustomed anymore. In addition, the ECB's (European Central Bank) decisions to try to mitigate inflationary risk by raising interest rates, thus undermining access to credit and, consequently, to the investment capacity of households and businesses.

In this way, when planning new projects, we will have to consider these new factors, which will increase the risk of business. Nevertheless, and in the particular case of housing, the lack of construction of new homes (we only develop 25% of what used to be built in the past) and high demand, particularly from the international market, in addition to the tax burden and delay in licensing, will force prices to remain on the rise, with a tendency to increase, at least for the more affluent markets that do not resort to real estate credit.

In the market of clients who need real estate credit, there will be no price drop. Only a longer waiting period for the product, even if little, to be drained. For this reason, and with regard to new projects under study, the premises we currently work with to evaluate them are significantly different from those we used in the past.

Although sales prices are higher, and there is no forecast that they will come down (except for the unpredictability of the pandemic and war), we must take into account the higher cost of construction, the increase in interest rates on financing and, eventually,

an increase in the period of disposal of the product. All of this naturally has an impact on the assessment of projects which, in order to obtain the same rate of return for investors that permeate the risk, it will add greater pressure on land and building acquisitions to rehabilitate."

WHEN IT COMES TO PROJECTS CURRENTLY UNDER CONSTRUCTION, THE INCREASE IN CONSTRUCTION COSTS HAVE ALREADY BEEN REFLECTED IN THE ASKING PRICE OR ARE THE ADDITIONAL COSTS STILL BEING ABSORBED BY THE PROMOTER?

"Sales prices have a cap: the greatest amount the customer is willing to pay. For this reason, despite some (slight) increase in the selling prices, the ongoing projects had to accommodate additional construction costs. At least a part of them, since those are fixed price contracts, construction companies have also taken over a portion of this increase.

And that's an extra caution we're going to have regarding future contracts. To find and close the appropriate value of the project, but leaving space for certain parts of the construction in which costs are more likely to fluctuate, such as steel, iron, aluminium, glass, etc., to be revised, allowing the risk to be divided between developer and builder and reimburse the contractor and the developer in case of prices dropping.

For investors that permeate the risk, it will add greater pressure on land and building acquisitions to rehabilitate. "

IS 2023 A YEAR OF RESTRAINT, RISK OR WAIT AND SEE?

"I would say that 2023 is a year of moderate optimism, very similar to 2022, with stagnation and/or decline in construction costs and slight increase in sales prices. For this reason, we believe it will be a year of investment, though mild and cautious."

THE AFTERMATH OF COVID-19

With Covid-19, homeowners' priorities have changed. Taking into account that many of us worked compulsorily from home for many months, consecutively and with no prediction to going back to the office on fulltime basis, we soon realised that many houses were not the most appropriate environment for home office.



Remote work has become more common than it ever used to be, and companies tend to be more flexible nowadays. As a result, new properties are better adapted to the needs of remote/hybrid employees, offering more outdoor areas and bigger communal areas.

Corporations relocating their offices to other cities has also been a major contributing factor to create housing demand.

Since remote workers do not need to be centred in the big cities, like Lisbon and Porto, the outskirts and the coast regions have received a lot of attention recently as young families have started looking for a more laid-back lifestyle, with better quality of life, which bigger cities might not always be able to offer their residents.



THE RISE OF DIGITAL NOMADS

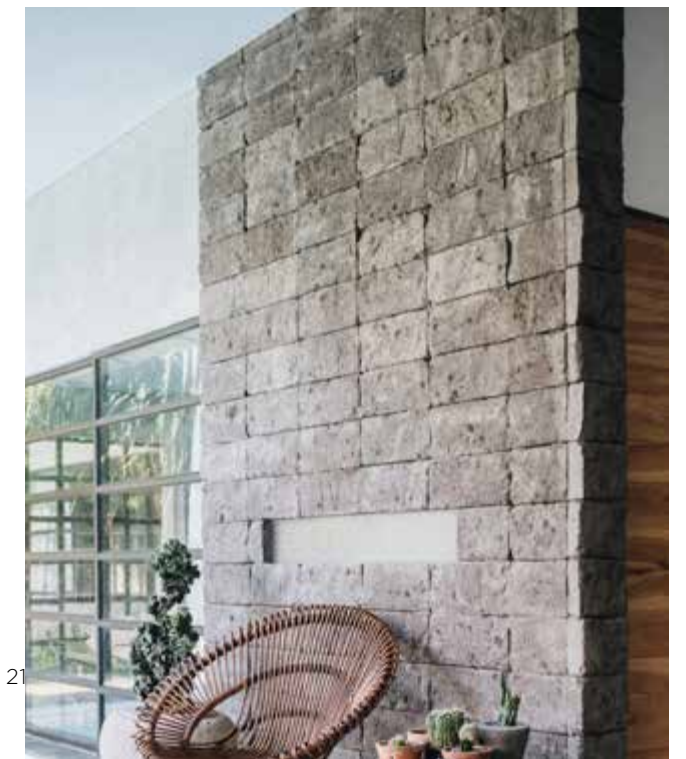
Many digital nomads have chosen Lisbon as their new temporary home, contributing to the increase in demand for rental spaces. Coliving, for example, combines the type of flexibility and high-quality amenities expats look for when relocating. The concept is pretty self-explanatory: a form of housing where individuals share communal living spaces. Some of the most popular apartments feature suites, cleaning services, inclusive costs, a gym and events that promote a sense of community for its residents. These sorts of properties tend to be very central and accessible by public transport. Coliving to address the demand for short term accommodation. As the coworking spaces trend continues to grow in the Portuguese colourful capital, the rise of coliving spaces tends to follow as an alternative for short term rentals.

Some foreigners preferred locations in Lisbon are Arroios, Santa Maria Maior, Avenidas Novas and Santo António. These zones offer a variety of options between traditional and modern aspects of the Portuguese capital and are some of the priciest boroughs in the city.

Since the return of international travel, right after the pandemic, digital nomads have unquestionably been a massive boost to the Portuguese real estate market. This is especially noticeable in the increase in demand and cost of housing, hitting new records recently. Workers have started to rethink the way they live, to reevaluate their priorities, and realised it was possible to shift from physical workplaces to virtual ones. With the rise in remote work and global inflation simultaneously, remote workers sought alternatives to the country they were residing in.

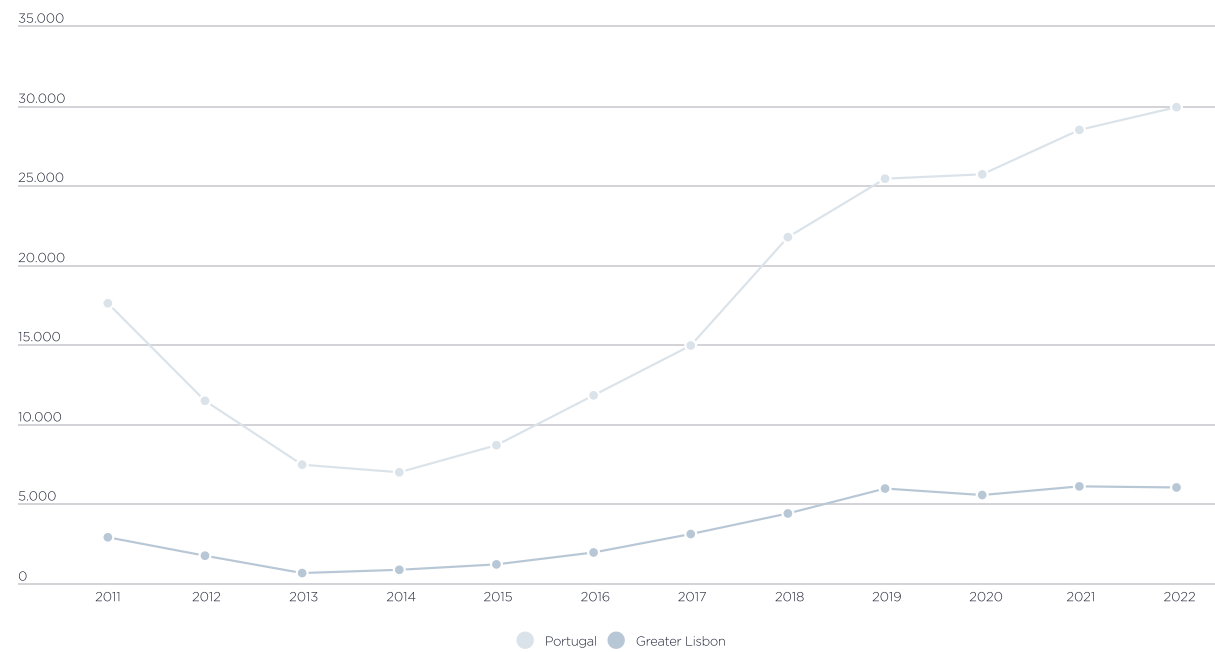
Portugal, specially Lisbon, offers a combination of reasons such as better and more laid-back quality of life, fantastic food, rich culture, a vast range of coworking spaces, affordable cost of living compared to other European capitals, safety, and benign weather, making people think highly of the country when considering relocating.

Nomad List, a web platform for hypermobile workers, has stated that as of December 2022, Lisbon was home to 15.800 digital nomads. Furthermore, according to the provisional results of the 2021 population census, the number of foreign residents in Portugal has increased by 40% between 2011 and 2021, amounting more than half a million people, representing roughly 5.4% of the population of the country.



LISBON, THE COOLEST EUROPEAN CITY

LICENSED RESIDENTIAL UNITS - NEW PROPERTIES



Source: INE

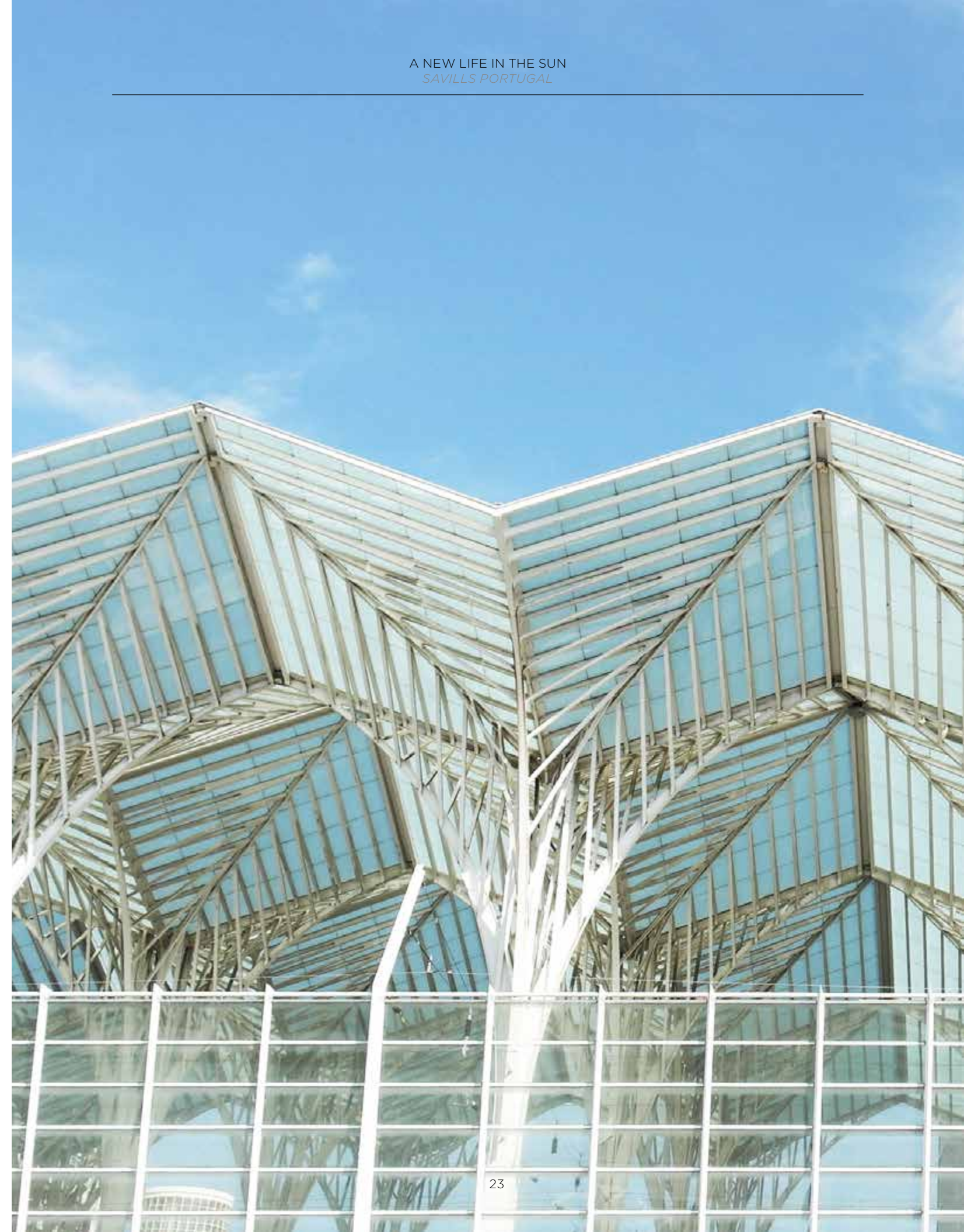
Lisbon is the cradle, the patriotic and geographical heart of Portugal. The city has been the stage of countless historical events throughout more than 20 centuries. Resting on 7 hills, the biggest Portuguese city, with its mild climate, has captured the world's attention, thanks to its authenticity. Each borough tells a different story and has its own character. Lisbon has become a modern metropolis, nowadays attracting people from all over the world.

Historically a residential centre, Lisbon housing prices had been affordable compared to the standards of other capital cities in Europe. The city went through a deep rehabilitation process started in 2011, which, supported also by the creation of mechanisms to attract foreign investment such as the Golden Visa,

promoted an increase in residential demand directed entirely to the high end and luxury segments.

Tourism, meanwhile, introduced Lisbon to Airbnb-style short-term rentals, bringing a significant growth in terms of numbers of guests and overnight stays to the area.

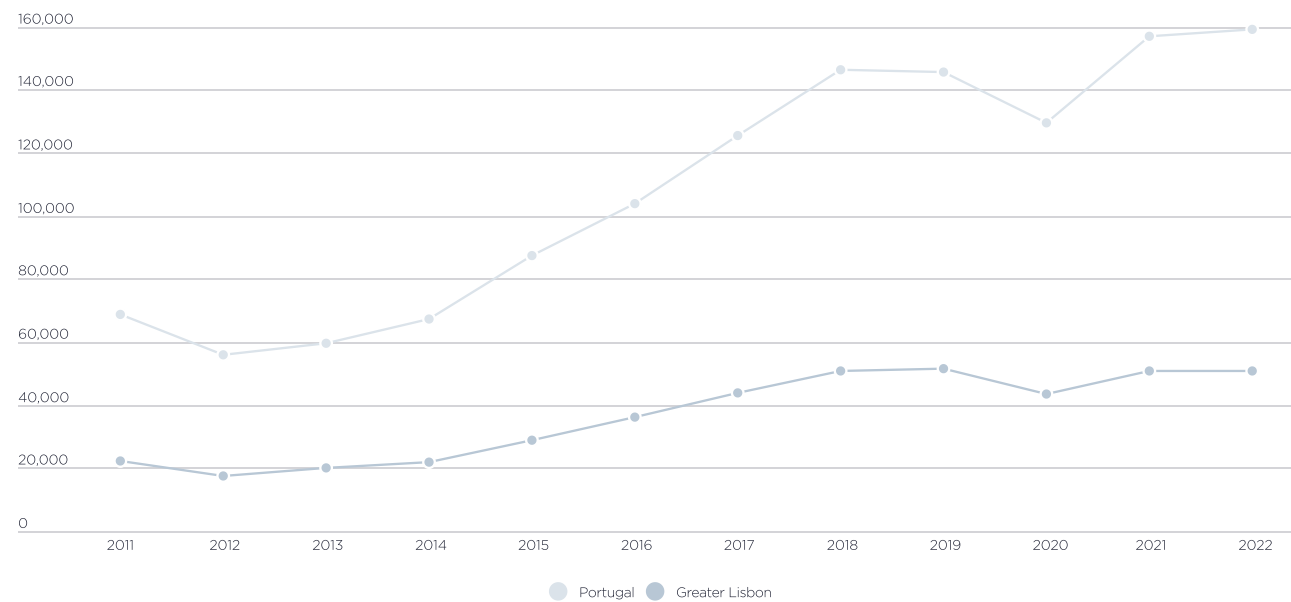
Both Portugal and Greater Lisbon have seen an impressive growth in terms of licensed units, having surpassed pre pandemic levels. In 2022, there were 30,069 licensed residential dwellings in the country, against 25,450 in 2019. Greater Lisbon, as expected, holds the largest number of licensed units in Portugal, accounting for 6,124 in 2022, representing 20% of the country's figures.



By 2020, one third of all houses in Lisbon's historical centre were listed on short letting websites such as Airbnb. On the top of that, low mortgage rates, businesses relocations and digital nomads have also created significant demand outbreaks for rentals in several areas and cities. Unavoidably, Lisbon having received the title of the coolest and trendiest capital in Europe came with a price. The city has seen a general increase in house prices throughout the last years, an issue not only exclusive to the capital or the country.

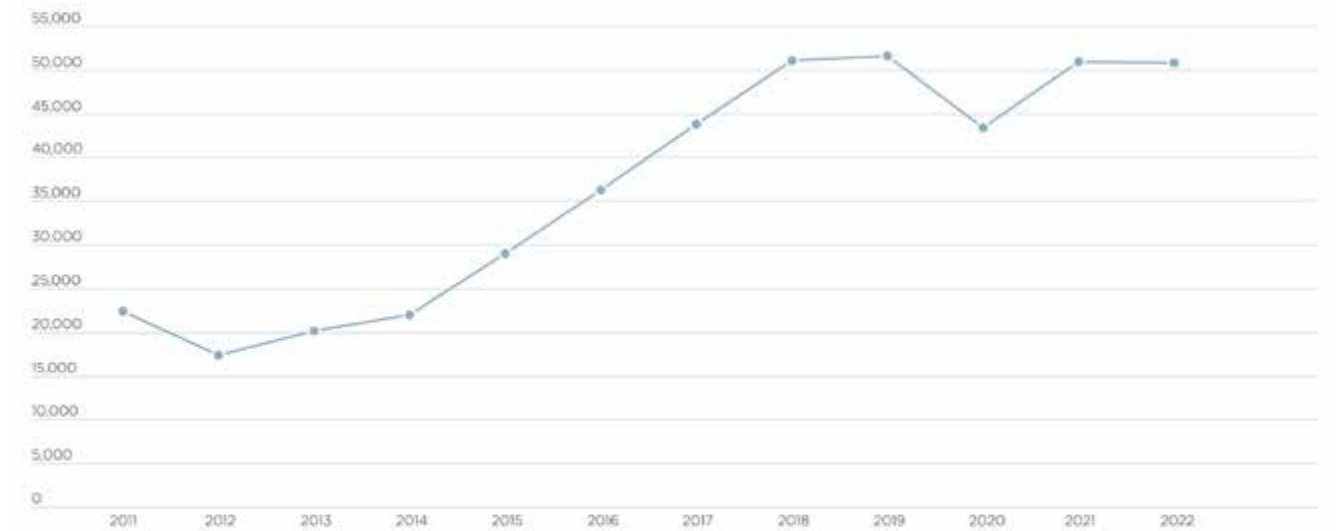
There were 50,823 residences sold in Lisbon Metropolitan Area during 2022. It represents a minor decrease of almost 0.3% compared to the same period in 2021. This is the region with the highest housing transactions in the country, having been accountable for nearly one third of all the deals in the country. In contrast to 2019, a year responsible for 51,540 deals in Greater Lisbon, we witness a decline of roughly 1.4 % regarding the number of transactions. The average of dwellings sold in the region from 2018 to 2022 accounts for 49,540 units per year.

HOUSES SOLD IN PORTUGAL MAINLAND VS GREATER LISBON



Source: Savills analysing SIR

HOUSES SOLD IN GREATER LISBON NEW AND USED



Source: Savills analysing SIR

Lisbon Metropolitan Area residential properties transactions add up to almost one third (31.9%) of the 159,288 closed deals in Portugal mainland last year.

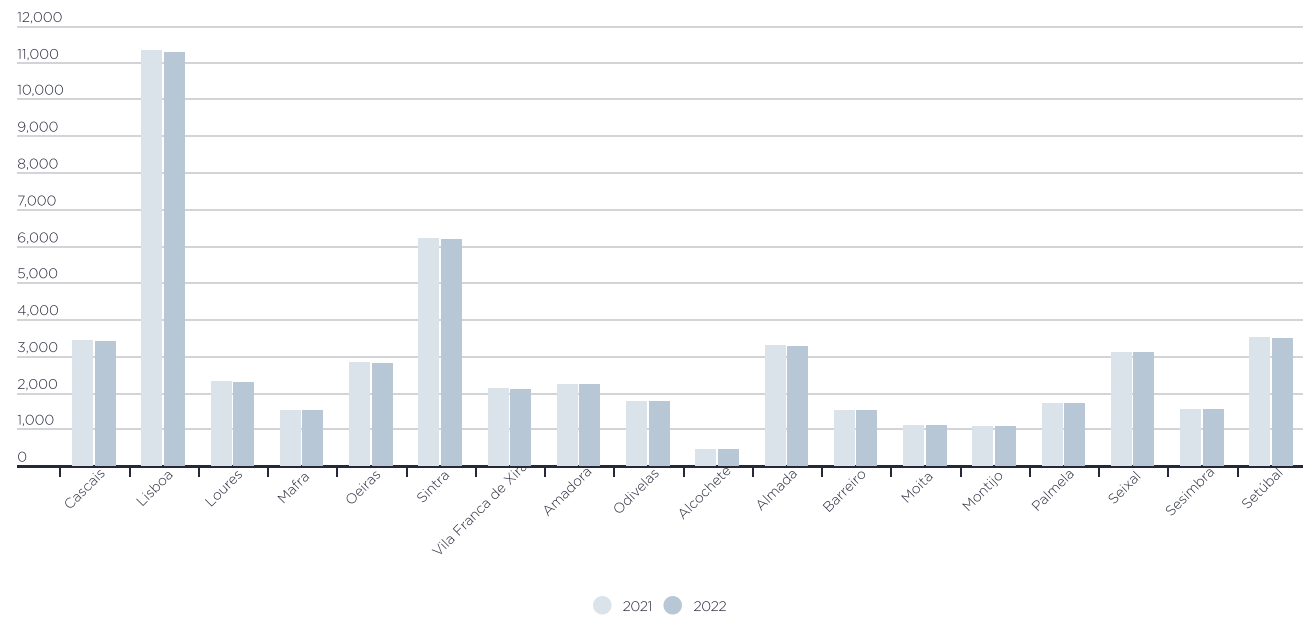
Lisbon, as expected, is the city with the highest number of transactions in the Lisbon Metropolitan Area, accounting for 11,297 altogether in 2022 and representing 22.2% of all closed deals in the region, followed by Sintra, with 6,190, Setúbal, with 3,473 and Cascais, with 3,403 transactions. Oeiras, on the other hand, has become the new stage of the real estate

market, having been responsible for 2,800 residential deals in 2022.

Overall, average asking prices of new-built properties in Lisbon Metropolitan Area in 2022 have shown a decrease of almost 7% compared to 2021 prices, closing the year at 5,399 €/sq m, meaning a greater stabilisation of growth compared to previous years. Average asking prices of used properties, on the other hand, have increase in approximately 5%, settling at 3,225 €/sq m.



HOUSES SOLD BY MUNICIPALITY LISBON METROPOLITAN AREA



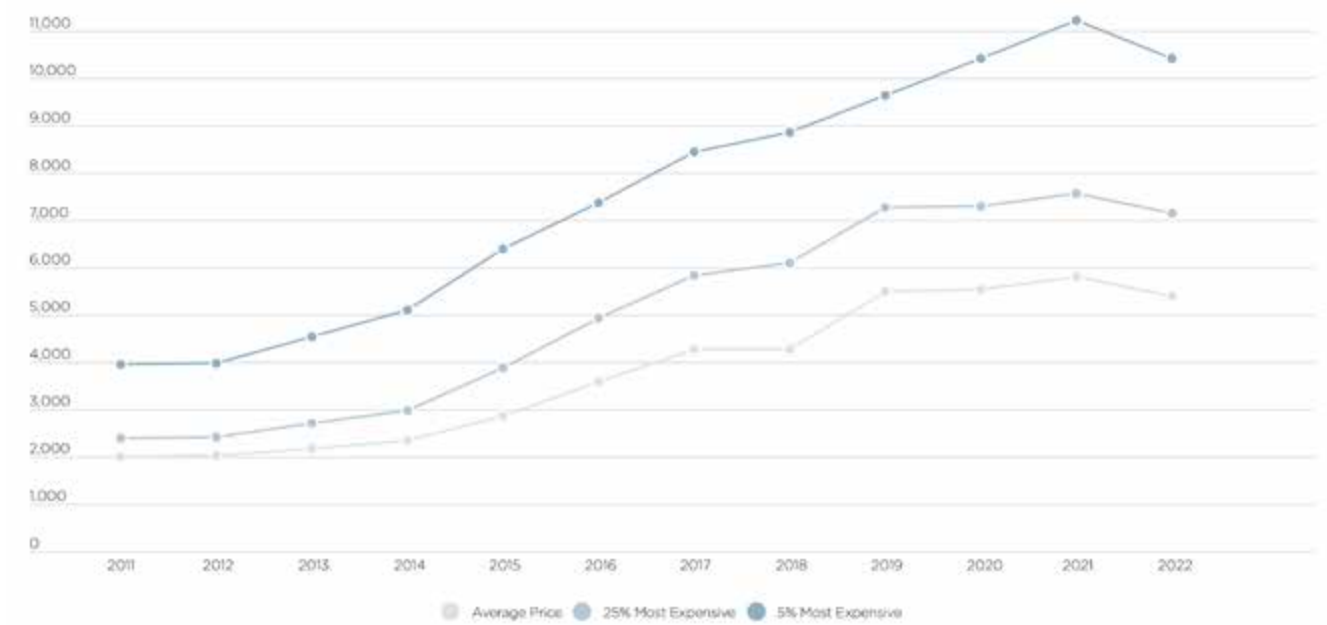
Source: Savills analysing SIR

Lisbon city has seen a steep increase in its asking prices over the last decade, with current prices having more than doubled. In 2011, asking prices in the new and luxury segment (5% most expensive) stood at 5,000 €/sq m. In 2022, it reached 11,500 €/sq m, with constant growth over the last 12 years.

In the same way, the segment of used properties aimed at the luxury segment will evolve from 3,734 €/sq m at the end of 2022, to an asking price of 8,256 €/sq m in 2022, showing an equally steady and solid price increase year after year.

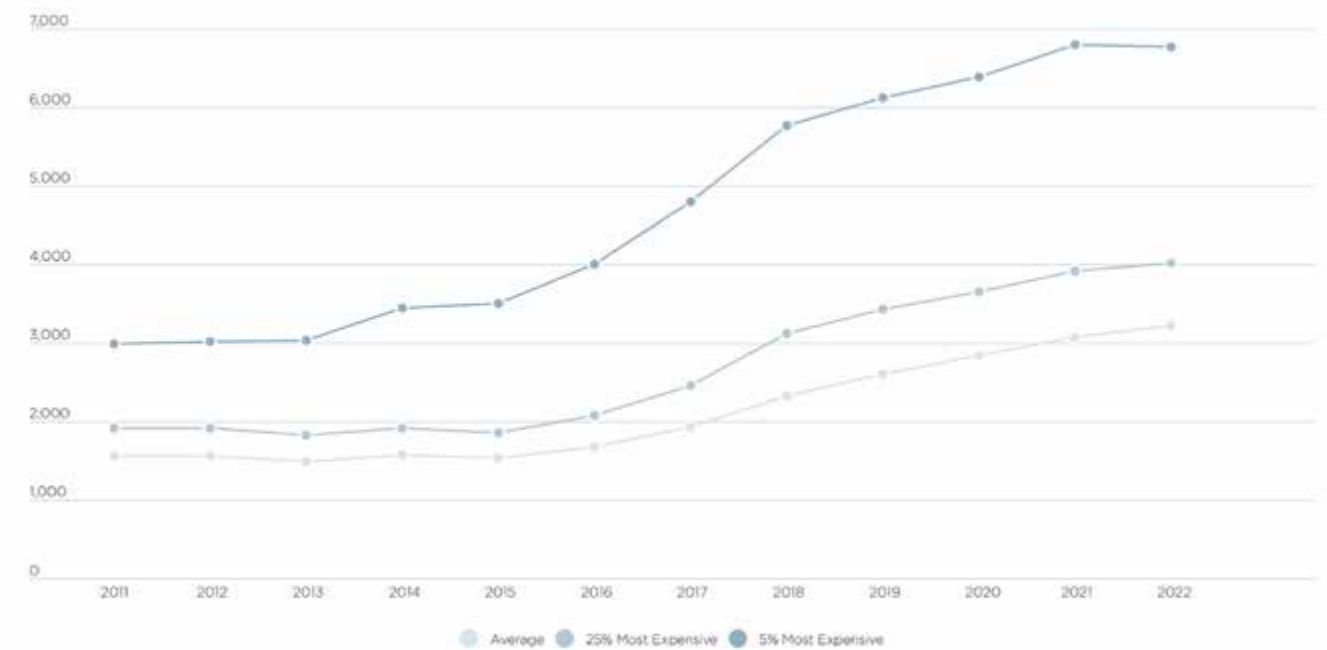


LISBON METROPOLITAN AREA ASKING PRICES - NEW PROPERTIES (€/SQ M)



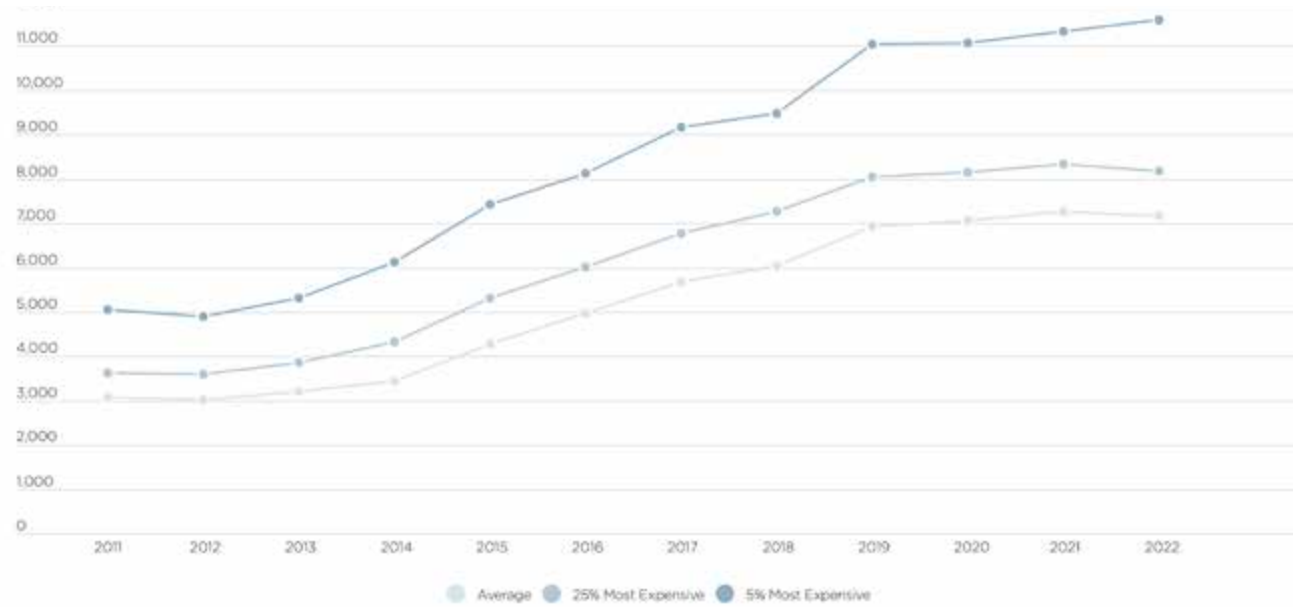
Source: Savills analysing SIR

LISBON METROPOLITAN AREA ASKING PRICES - USED PROPERTIES (€/SQ M)



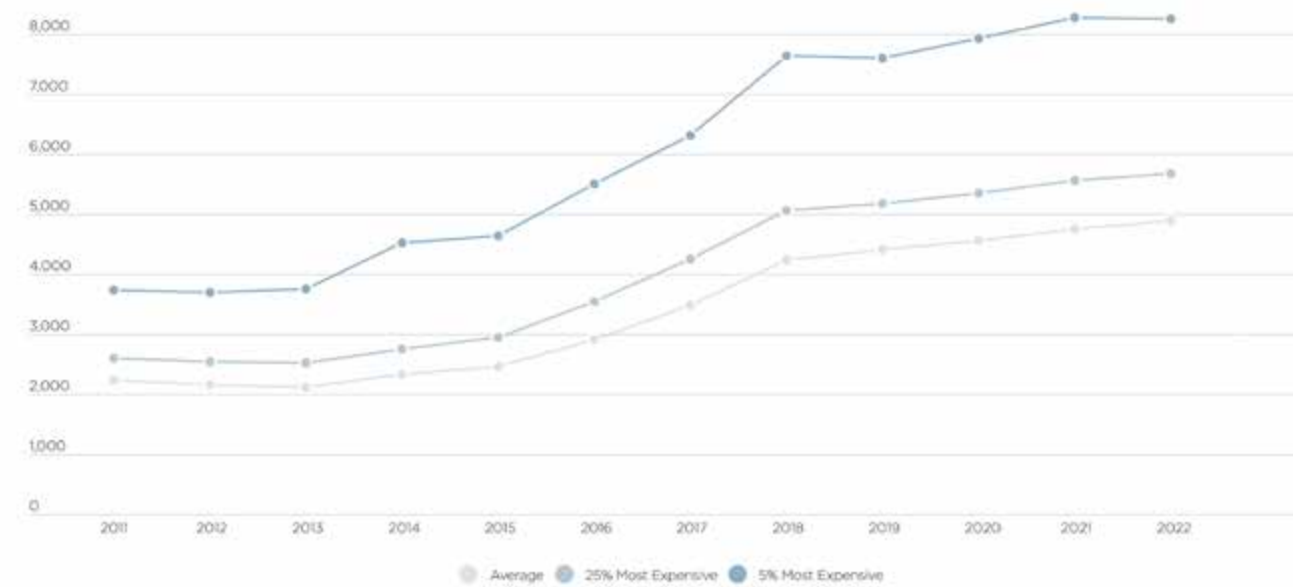
Source: Savills analysing SIR

LISBON CITY
ASKING PRICES - NEW PROPERTIES (€/SQ M)



Source: Savills analysing SIR

LISBON CITY
ASKING PRICES - USED PROPERTIES (€/SQ M)



Source: Savills analysing SIR

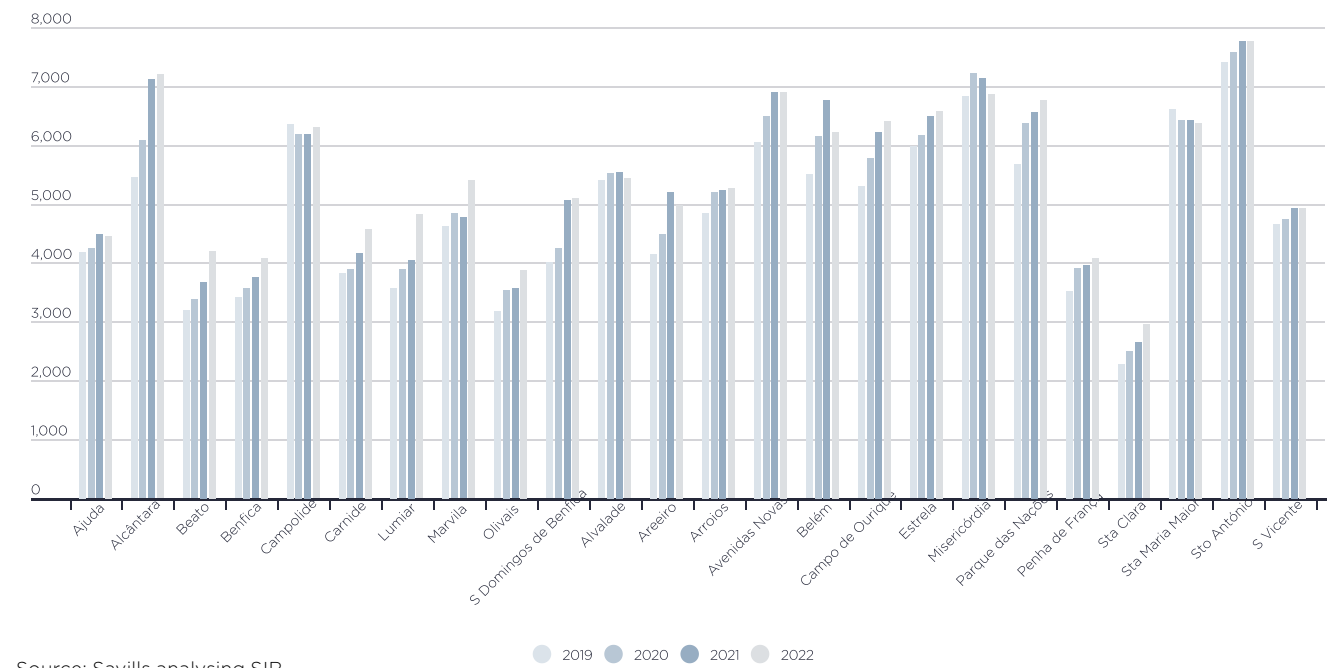
Buying a property in some of the most prestigious areas in the city, such as Chiado (located between Santa Maria Maior and Misericórdia) and Avenida de Liberdade (located in Santo António) might cost up to 13 500 euros per sq m, depending on the kind of residential development.

The city has been receiving generous and constant international investment, which go towards upper/prime developments and zones, such as Avenidas Novas, Belém, Estrela, Misericórdia, Santa Maria Maior and Santo António, which naturally is reflected on their asking prices.



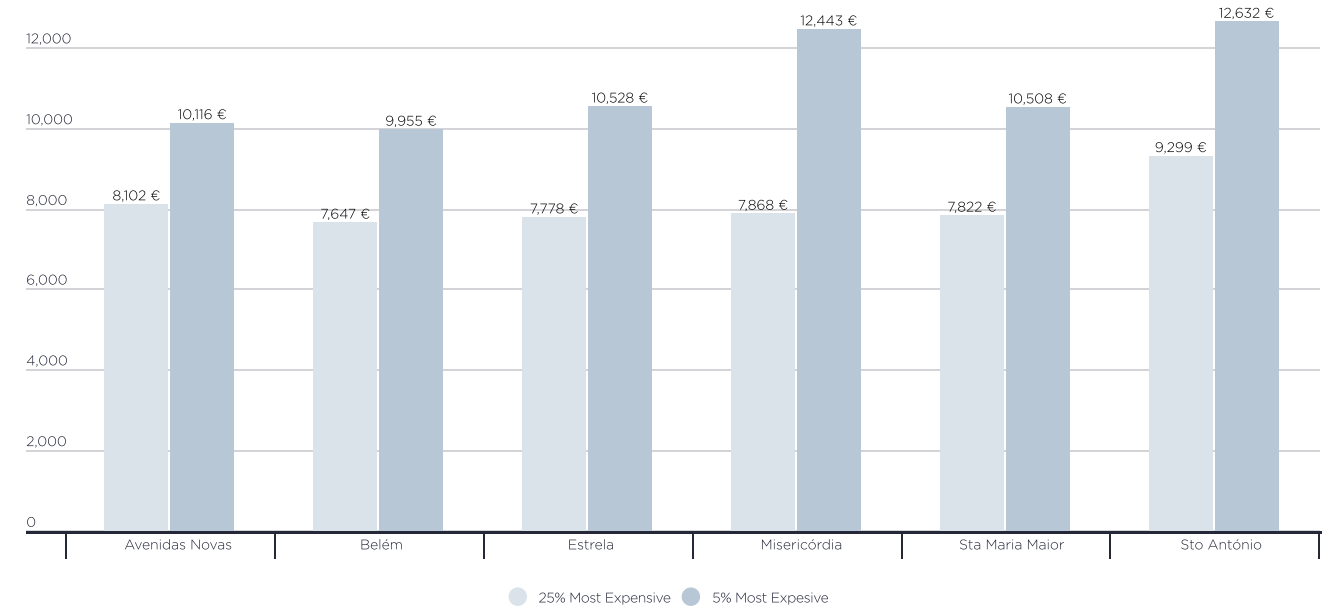


LISBON PARISHES - AVERAGE ASKING PRICES (€/SQ M)



Source: Savills analysing SIR

ASKING PRICES - PRIME PARISHES IN LISBON CITY (€/SQ M)



Source: Savills analysing SIR

By now it is a well-known fact the demand for housing in Lisbon city is much greater than the stock available. Idealista, one of the biggest real estate listings in Europe, has recently stated that 12% of Lisbon's residential properties listed on their website are sold within a week.

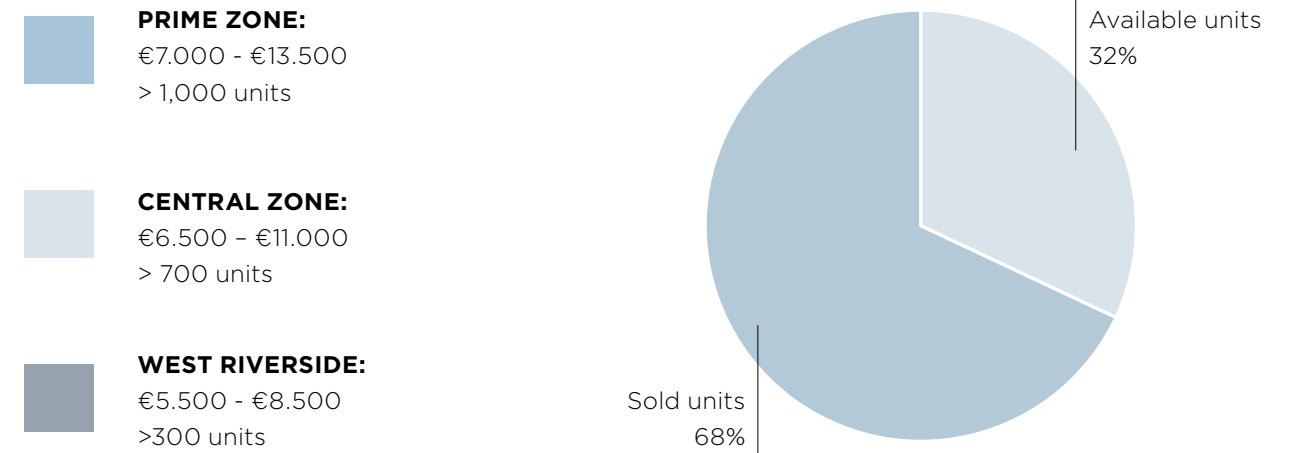
Lisbon city amounts over 4,500 units under construction in pipeline, from 2023 to 2025. 68% of these dwellings have already been sold, meaning only 32% of them are still available in the market. Uptown ring and Prime zones are the ones with the highest numbers of residences currently under construction in the Portuguese capital. When it comes to the Uptown ring area, the Lumiar parish is largely responsible for most of those units in pipeline since it has been chosen as the new address of several new and modern residential developments of large-scale targeting medium-high and high income buyers.

Portugal is no longer only known for its capital city and Porto wine. The country has been growing at a fast pace and reinforcing its place as a major European player as regards to several aspects. We have seen a significant growth in terms of immigration, economy development, companies choosing Portugal as their new address, which has naturally caused the cities centres to expand.

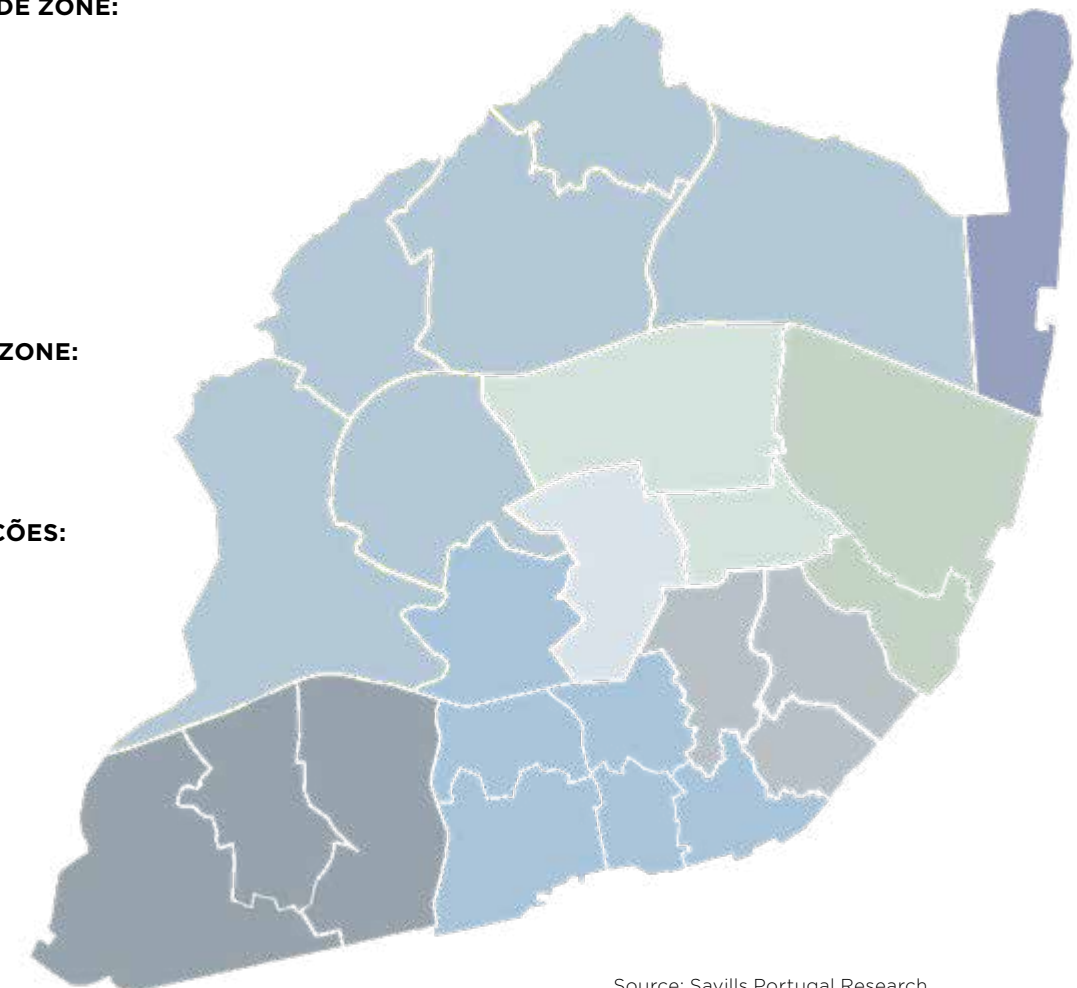
Oeiras is a classic example of it: known as a corporate hub and one of the main business and tech cities in the country, its residential market started to follow the trend and demand for housing. Cascais, on the other hand, has always been famous for its luxury homes and Atlantic coast. Needless to say, the Portuguese Riviera is always on the spotlight and the radar of investors and buyers from all over the world.



PIPELINE LISBON CITY FROM 2023 TO 2025
UNDER CONSTRUCTION BY MARKET ZONE



- PRIME ZONE:**
€7.000 - €13.500
> 1,000 units
- CENTRAL ZONE:**
€6.500 - €11.000
> 700 units
- WEST RIVERSIDE:**
€5.500 - €8.500
>300 units
- HISTORIC HILLSIDE ZONE:**
€6.000 - €9.000
> 200 units
- EAST RIVERSIDE:**
€5.000 / €8.500
> 300 units
- UPPER CENTRAL ZONE:**
€6.000 - €7.000
> 100 units
- PARQUE DAS NAÇÕES:**
€6.800 - €11.500
> 200 units
- UPTOWN RING:**
€3.000 - €5.000
> 1,200 units



Source: Savills Portugal Research





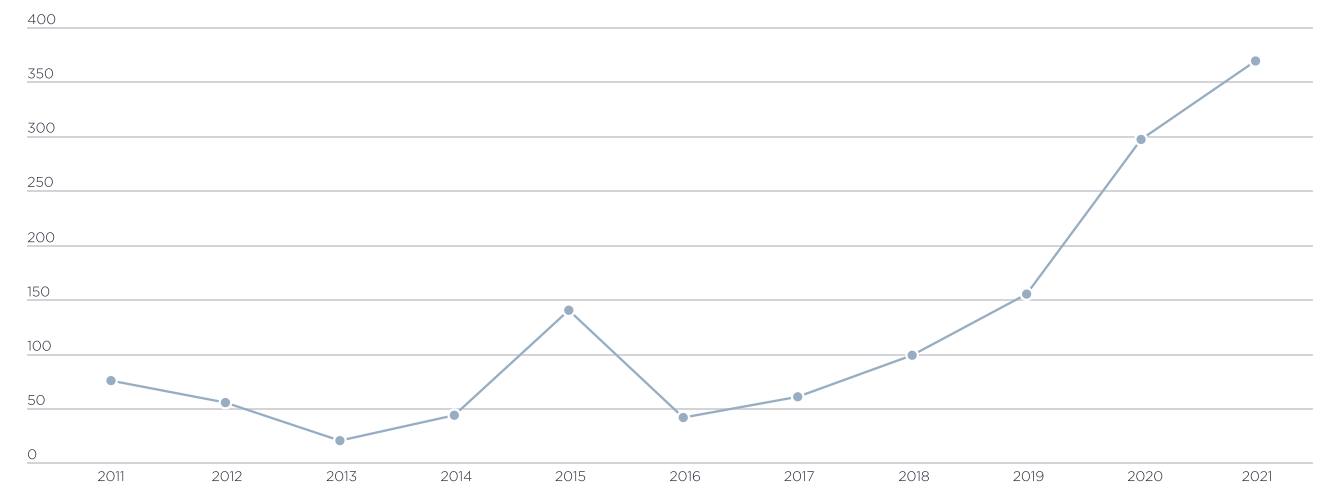
OEIRAS, THE UPCOMING CITY

Oeiras has been progressively turning into an excellent residential option within Lisbon Metropolitan Area. It offers high quality housing relatively close to the capital. The city has become the new address of many companies that have relocated their offices to the area, such as Nestlé, Renault and Google, therefore creating a need for new residential developments.

The city has been going through ongoing investment and development, thus the reason we see an increase in the number of new-built properties sold in the last years, with an upsurge of 482% comparing 2020 with 2022, with a total of 137 and 661 operations each, respectively.

There has also been a massive jump in the number of licensed units in the last years, representing a massive growth when comparing 2016 and 2021 figures, for example, with 41 and 369 licensed units, respectively.

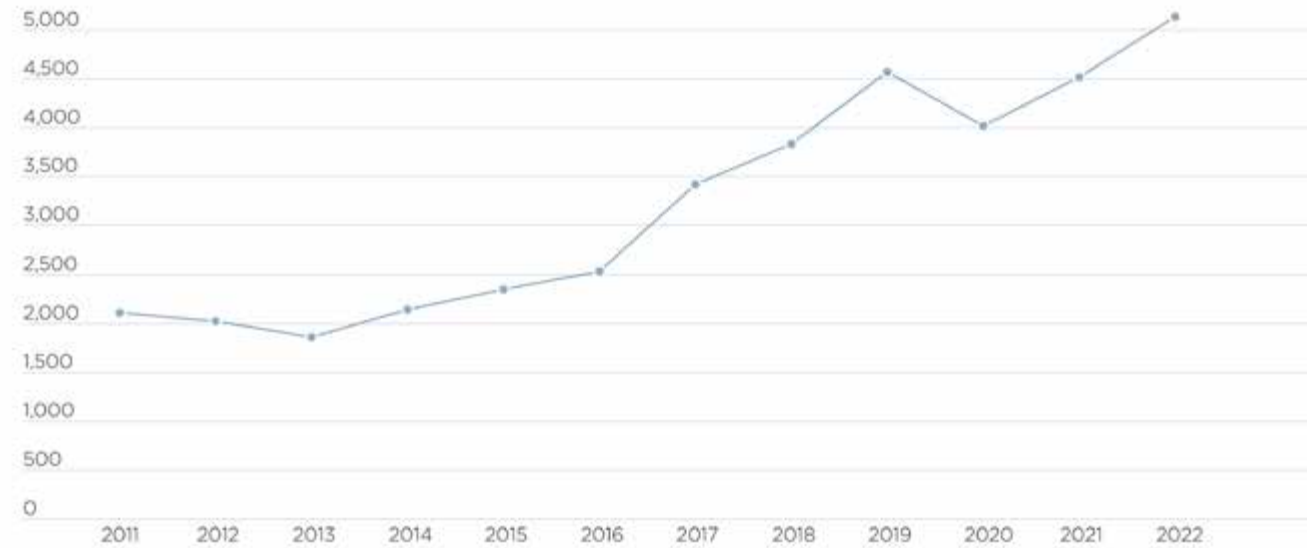
LICENSED UNITS IN OEIRAS



Source: INE

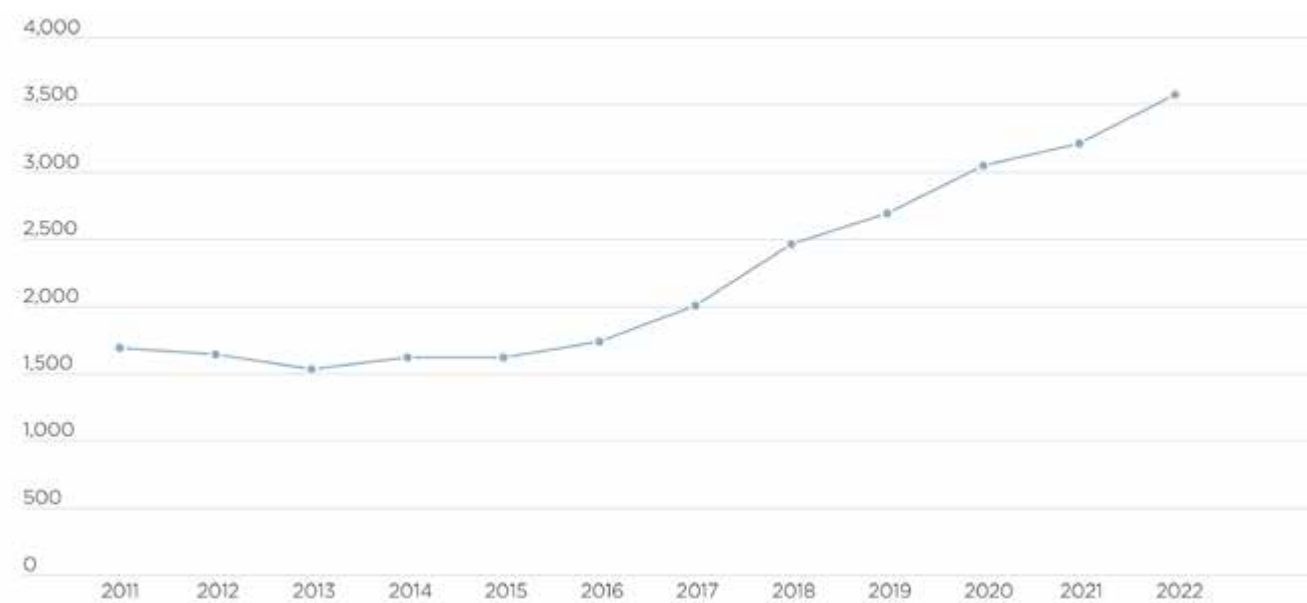
Oeiras average asking prices reached 5,136 €/sq m and 3,575 €/sq m in 2022, for new and used residential properties, reflecting increases of 112% and 133%, respectively, when compared with 2019 prices.

OEIRAS
ASKING PRICES - NEW PROPERTIES (€/SQ M)



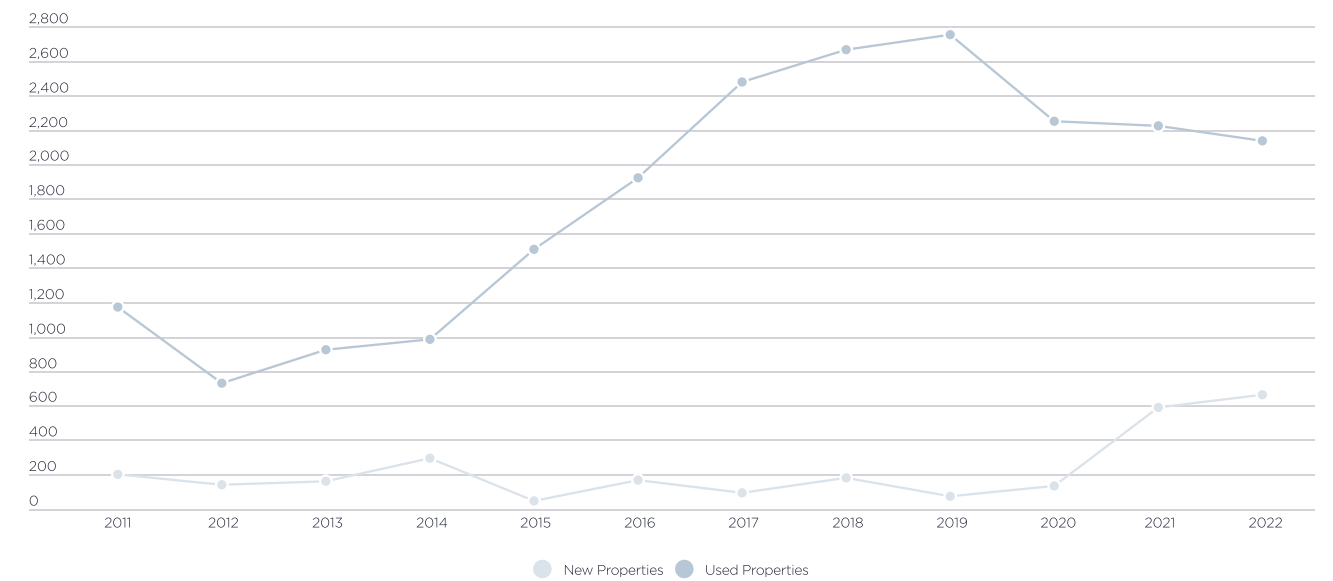
Source: Savills analysing SIR

OEIRAS
ASKING PRICES - USED PROPERTIES (€/SQ M)



Source: Savills analysing SIR

HOUSES SOLD IN OEIRAS
NEW AND USED



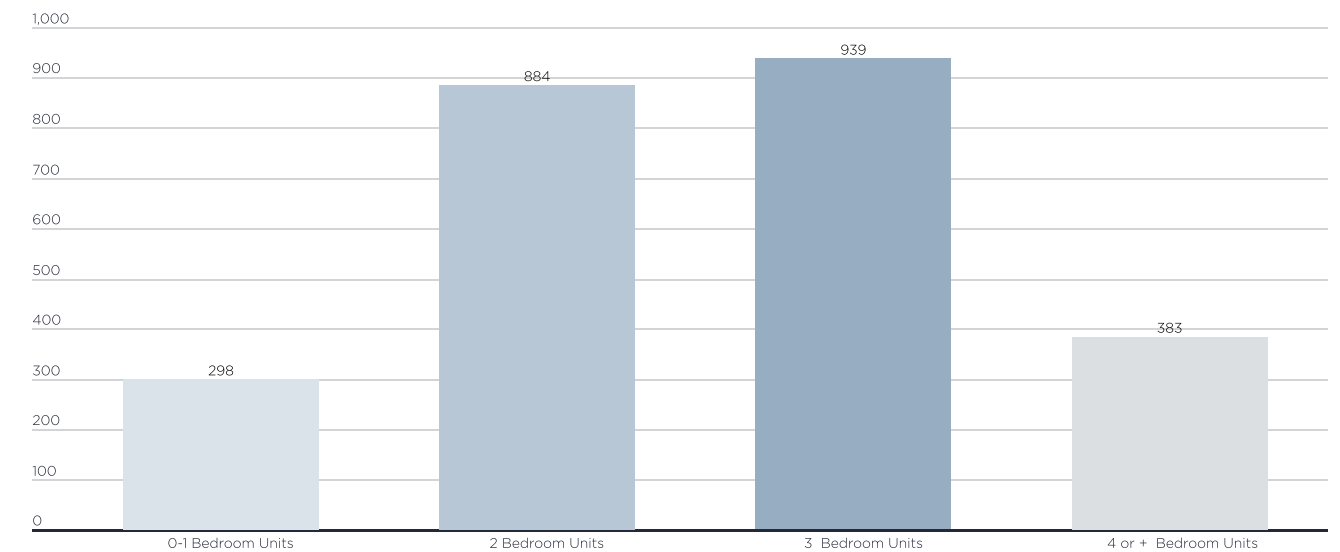
Source: Savills analysing SIR

In contrast to Lisbon central areas which offers a wide range of smaller typologies, Oeiras biggest range of residential units are dedicated to 3 bedrooms apartments - since many new developments in city have families as their target buyers - representing approximately 38% of the existing supply, followed by 2 bedrooms properties with 35%, 4 or + bedrooms with 15% and 0-1 bedroom units with 12%.

With a large number of residential developments currently under construction, over 83% the existing pipeline in the city concerns new-built assets, granting its residents features such as swimming pools, gyms, and outdoor areas, some even offering golf courses, something the region is well-known for.

According to Savills Portugal Research, up to 2026, Oeiras is estimated to have 36 new developments, with 2,652 new residential units.

OEIRAS - AVAILABLE
SUPPLY BY TYPOLOGY



Source: Savills analysing SIR

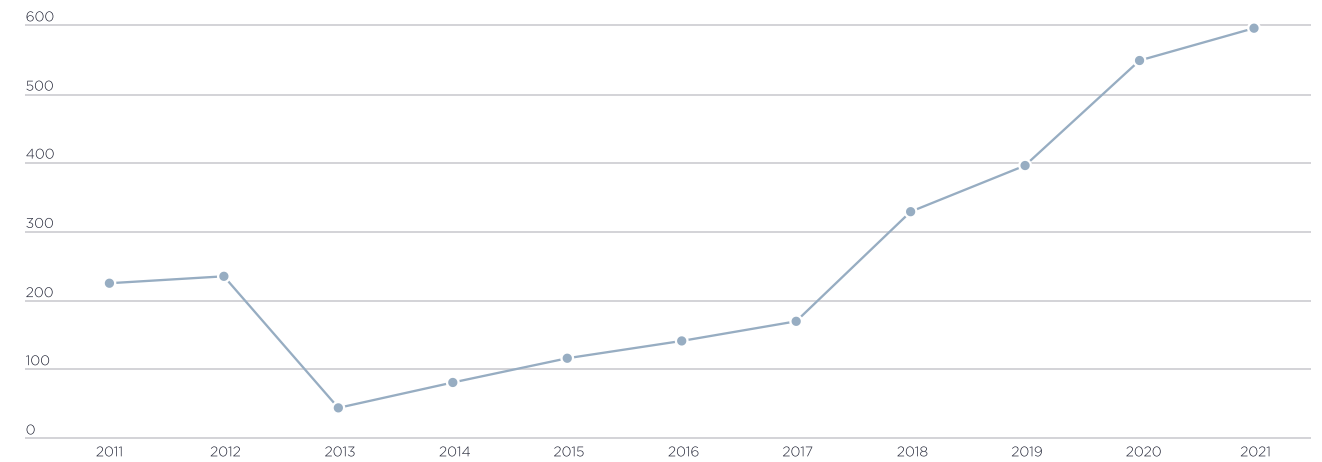
CASCAIS, THE PORTUGUESE RIVIERA



Cascais is one of the preferred destinations of many wealthy families, both Portuguese and internationals. This city, surrounded by the Atlantic Ocean, has a vast offer of luxury properties, in addition to being one of the zones with some of the highest asking prices in the country.

Regarding the number of dwellings sold in the zone, it is possible to observe a significant difference between the amount of new and used properties transactions, with each of them representing, respectively, 12% and 88% out of the 3,393 deals accomplished in 2022.

LICENSED UNITS IN CASCAIS



Source: INE

The residential market in Cascais has witnessed a boost in the last decade, with 595 licensed units in 2022, an upsurge of over 265% in contrast to 2011.

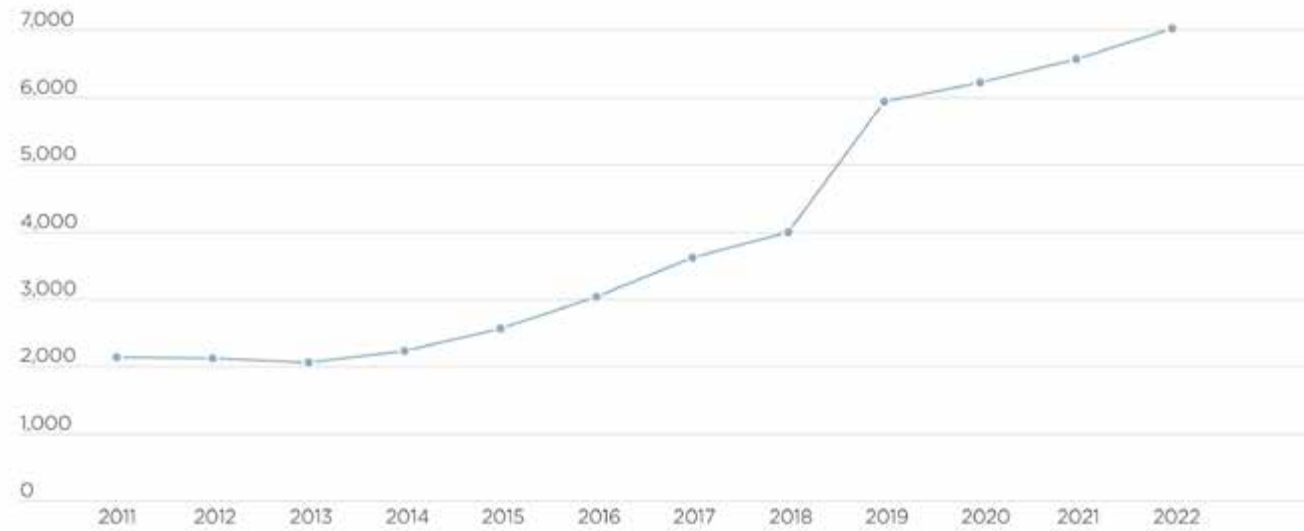
Cascais, just like Oeiras, also tends to have a residential offer more geared towards families, thus the reason 3 bedrooms properties accounts for the biggest supply available, reflecting 38% of the total amount, followed by 2 bedroom units, with 37%, 4 or + bedrooms with 13% and 0-1 bedroom units with 12%.

Most of the dwellings under construction at the moment are located in Cascais and Estoril zone, close to the coast. According to Savills Portugal Research, by 2024 there will be approximately new 50 properties, providing 792 units. New-built developments represent roughly 80% of the current pipeline, while rehabilitation accounts for the other 20%.



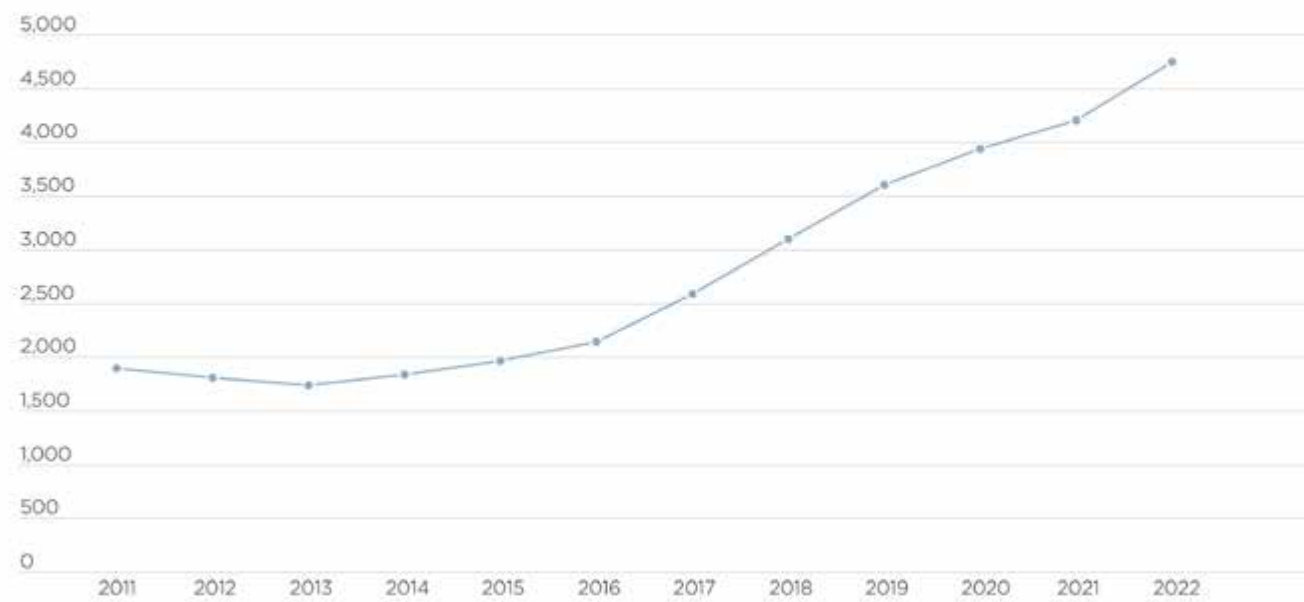
Cascais average asking prices reached 7,023 €/sq m and 4,743 €/sq m in 2022, for new and used residential properties, reflecting increases of 118% and 132%, respectively, when compared with 2019 prices.

CASCAIS
ASKING PRICES - NEW PROPERTIES (€/SQ M)



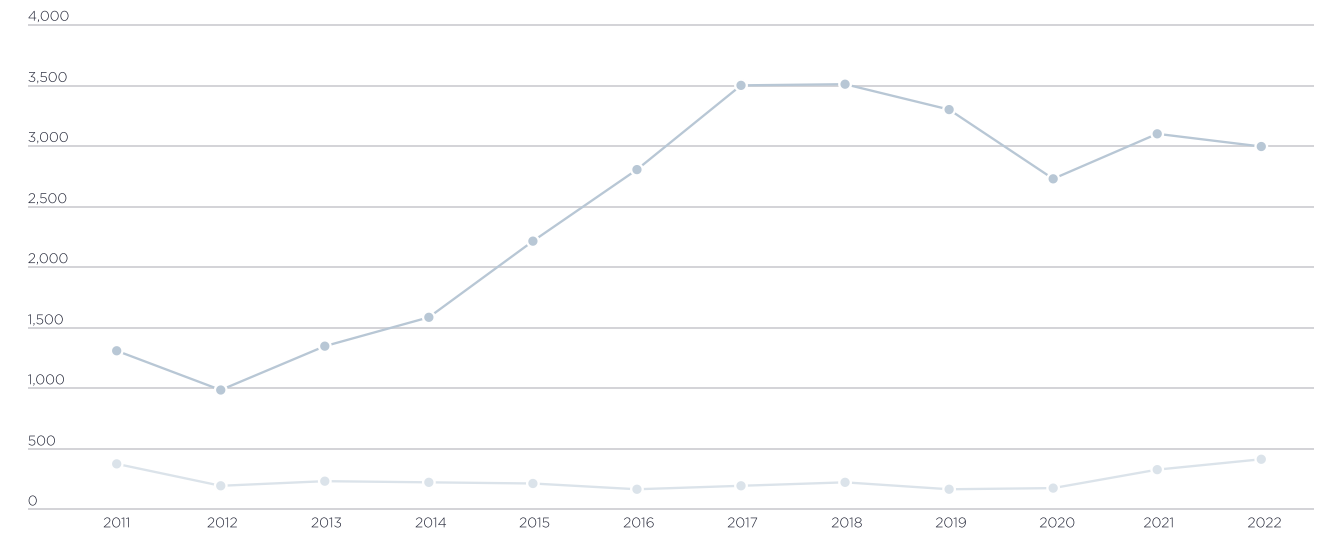
Source: Savills analysing SIR

CASCAIS
ASKING PRICES - USED PROPERTIES (€/SQ M)



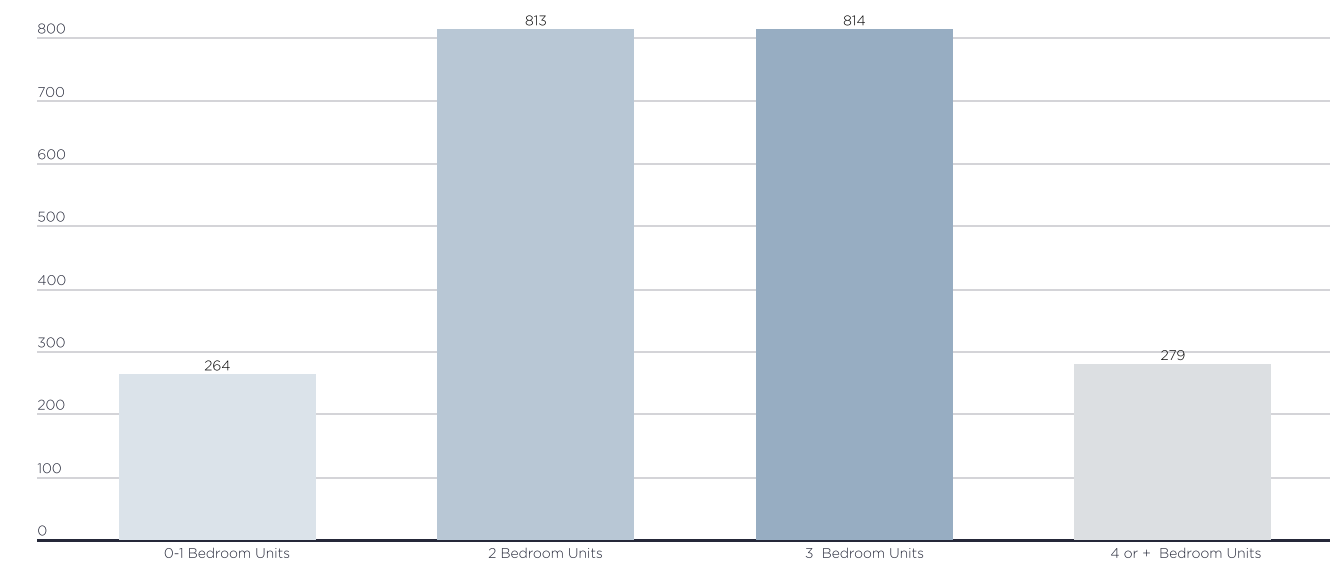
Source: Savills analysing SIR

HOUSES SOLD IN CASCAIS
NEW AND USED



Source: Savills analysing SIR

CASCAIS - AVAILABLE
SUPPLY BY TYPOLOGY



Source: Savills analysing SIR



PORTO "A INVICTA"

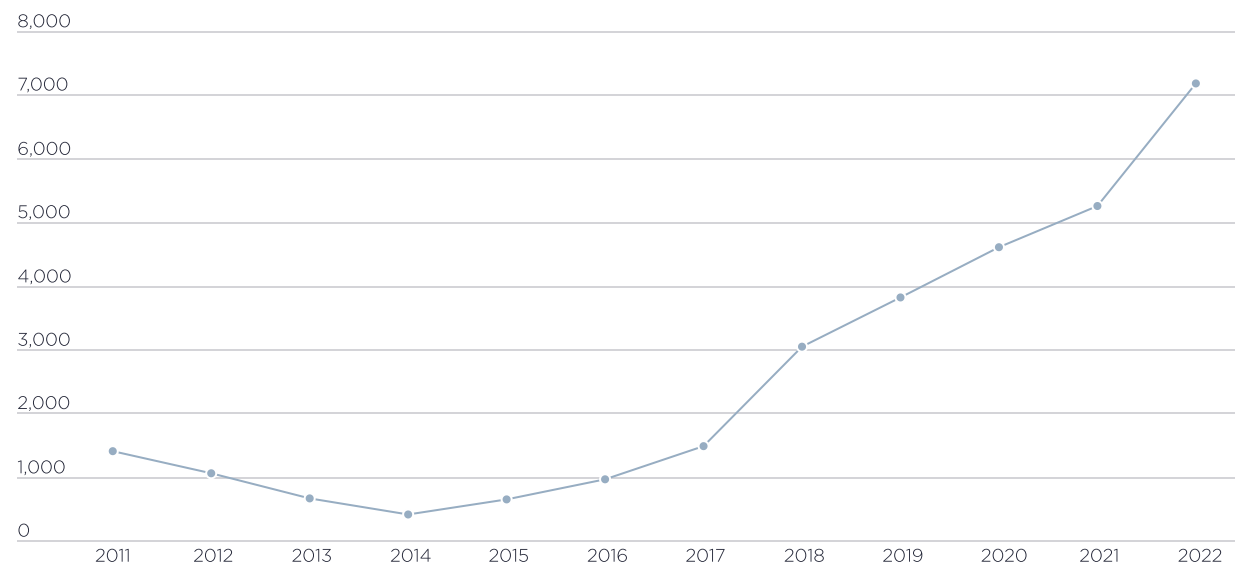
Full of history, art and culture, its historic centre has been classified as a World Heritage Site by UNESCO. The capital of the North is especially known for its Douro River, that flows into the Atlantic Ocean, and its Porto wine. The city does not disappoint, offering its visitors stunning viewpoints, a variety of green spaces, the seaside and a remarkable cuisine. Inevitable, Porto was elected "Best City Destination in the World", at the World Travel Awards 2022.

According to the 2023 International Living's Annual Global Retirement Index, Portugal was elected the best country for retirees. Porto might be considered, by many stances, an extremely attractive destination for those looking for a place to retire. The Wall Street Journal states this clientele is drawn by the low cost of living, healthcare, sunny climate and tax incentives. More on that, in 2009, Portugal updated

its pension tax legislation, therefore making it easier for foreign pensioners to consider the country as their retirement home.

Greater Porto accounted 7,184 licensed units in 2022, a record-breaking year, representing 4% of the country's total. Vila Nova de Gaia, Porto city's neighbour, is mainly responsible for these numbers since the city has seen massive growth in terms of its residential market. Greater Porto has witnessed an upsurge of 188%, when looking at last year's results, against 2019 figures, in the same category.

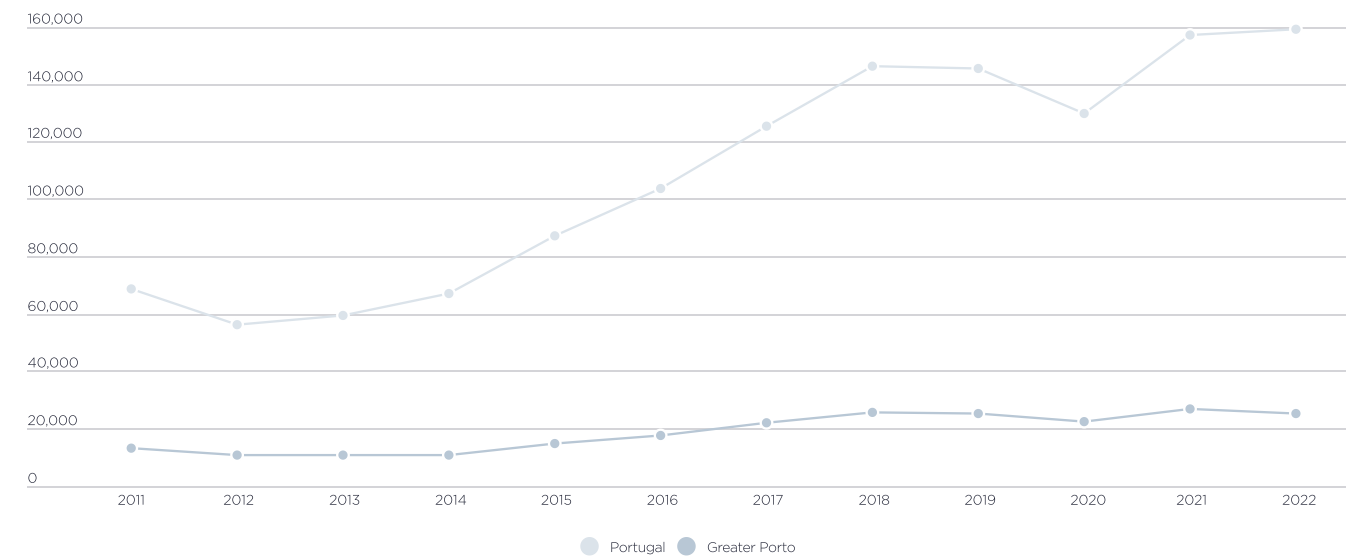
LICENSED UNITS IN GREATER PORTO



Source: INE



HOUSES SOLD IN PORTUGAL MAINLAND VS GREATER PORTO

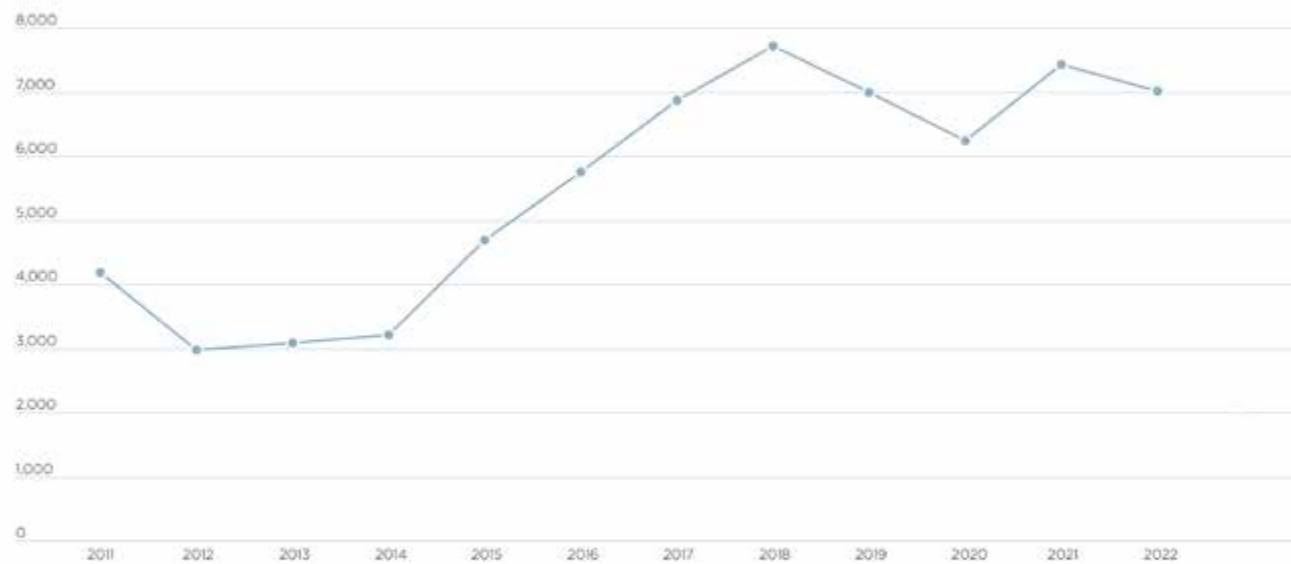


Source: Savills analysing SIR

The second largest city in Portugal, home of approximately 240,000 people, faces the same issue as many other major European cities: high demands and limited offers, making prices rise steeply. This captivating city has welcomed many newcomers throughout the last decade, since there has been a 40% increase in housing transactions for property from 2011 to 2022, proving its residential market has seen some dynamic years. Porto city alone represents almost 28% of all the residential deals closed in 2022 in Greater Porto, a year that added up to 7 015 operations in the city and 25 375 transactions in the metropolitan area.



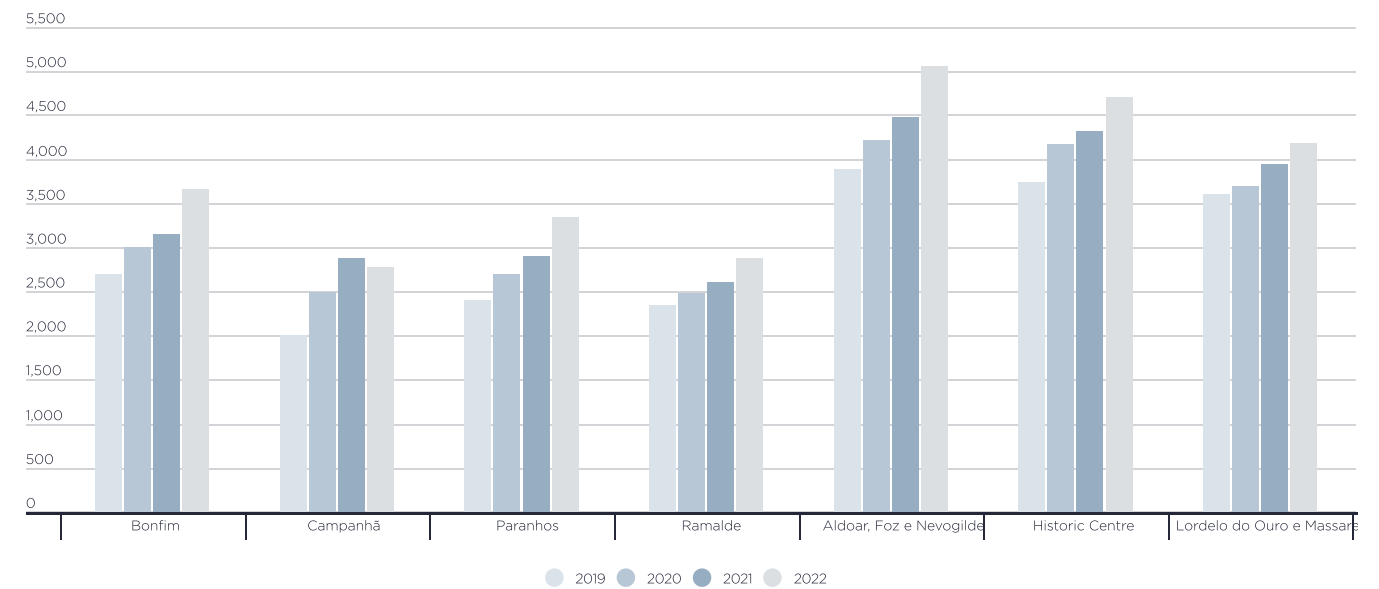
HOUSES SOLD IN PORTO CITY
 NEW AND USED



Source: Savills analysing SIR

The city known for its six (soon to be seven) stately bridges has witnessed significant price upsurges in recent years. Aldoar, Foz e Nevogilde parishes, for example, has had some of the steepest rises, with 23.2% increases concerning average asking prices in comparison with 2019 figures and 11.4% in contrast to 2021, having reached 5,055 €/sq m in 2022. The Historic Centre, on the other hand, has seen increases

PORTO PARISHES - AVERAGE
 ASKING PRICES (€/SQ M)



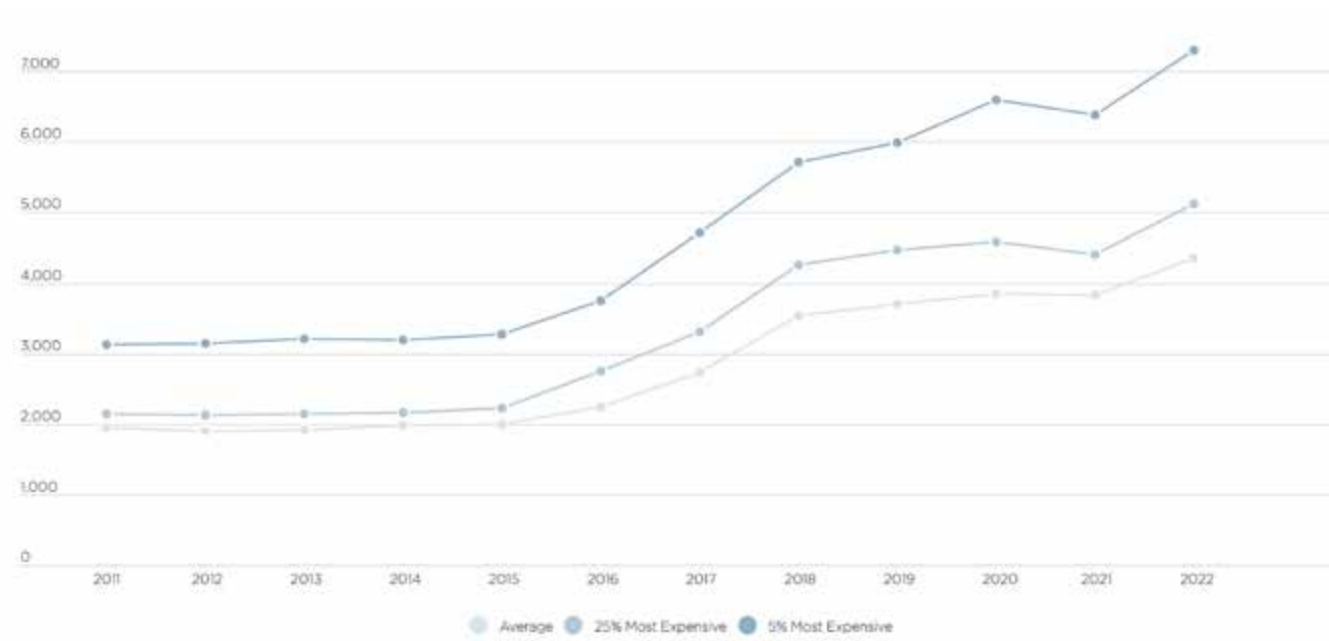
Source: Savills analysing SIR

of roughly 20.1% as opposed to pre pandemic asking prices. Paranhos, known to be a residential and a student area, has had the sharpest rises in the same category in terms of percentage, showing an upsurge of over 28.3%, with its average asking prices going from 2,398 €/sq m in 2019 to 3,345 €/sq m in 2022.

Porto city's residential market has shown some of the most impressive increases in the country throughout the years. Average asking prices of new-built properties have gone from 1,941 €/sq m in 2011 to 4,355 €/sq m in 2022. Regarding used properties, there has been an upsurge 203.7% from 2011, with an

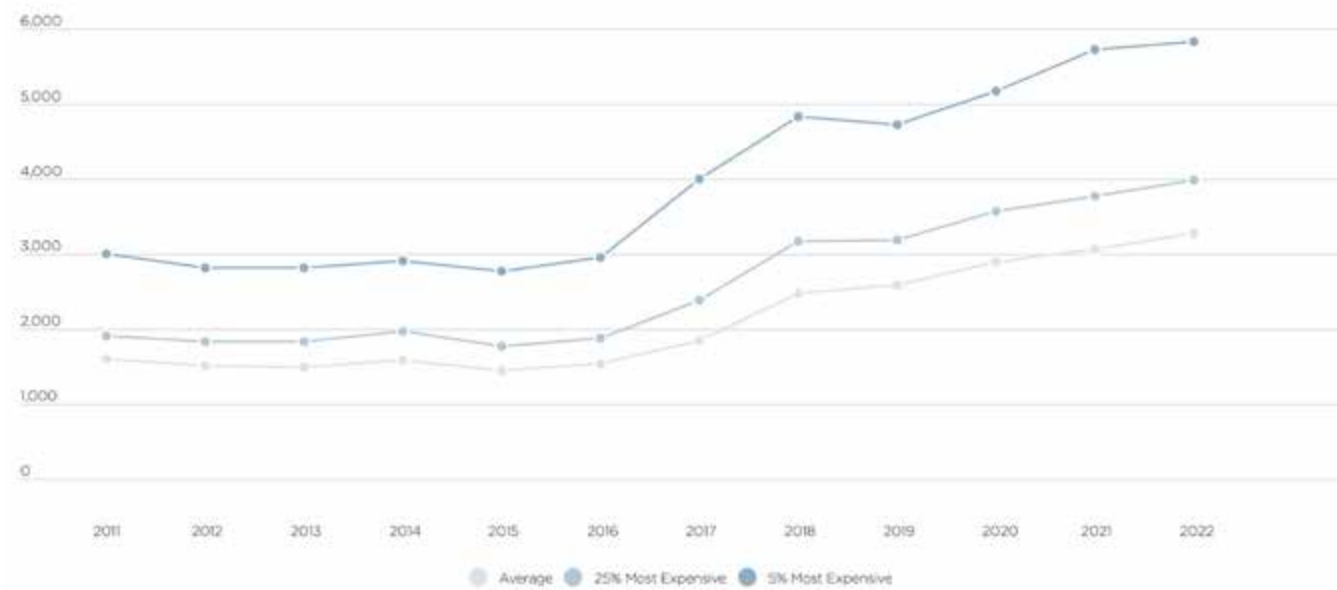
average asking price of 1,609 €/sq m, to 2022, with 3,277 €/sq m. The high-end market, in terms of new-built developments (5% most expensive), has also witnessed weighty increases, closing the year 2022 at 6.958€/sq m, for the total of new and used supply.

PORTO ASKING PRICES - NEW PROPERTIES (€/SQ M)



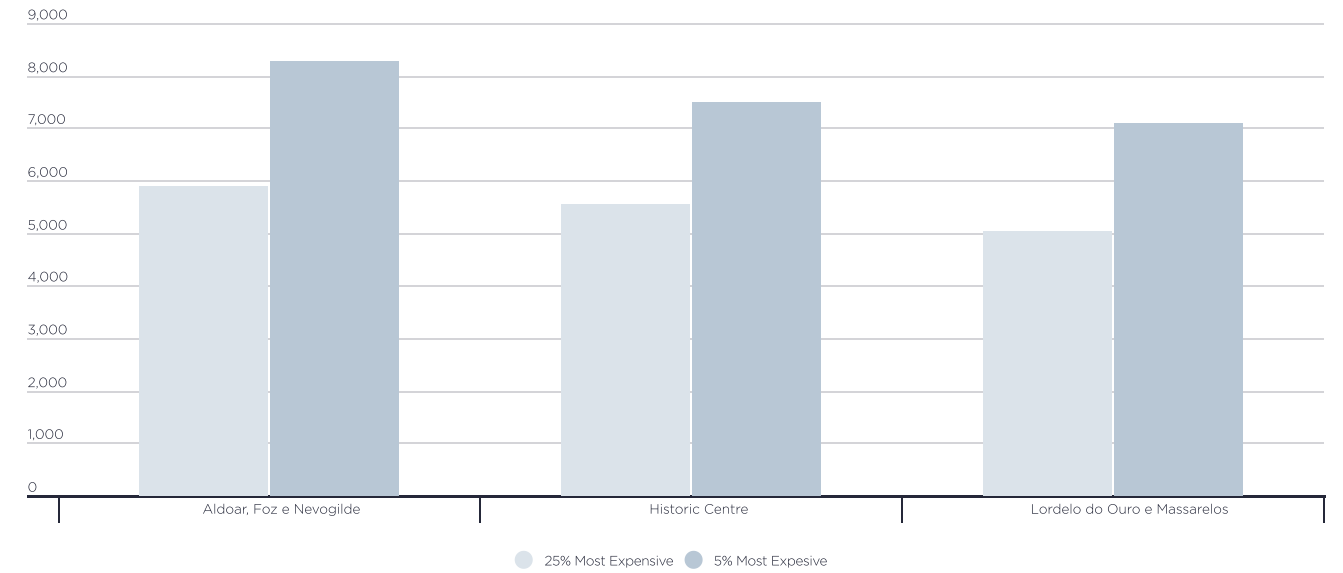
Source: Savills analysing SIR

PORTO ASKING PRICES - USED PROPERTIES (€/SQ M)



Source: Savills analysing SIR

ASKING PRICES - PRIME PARISHES IN PORTO CITY 2022

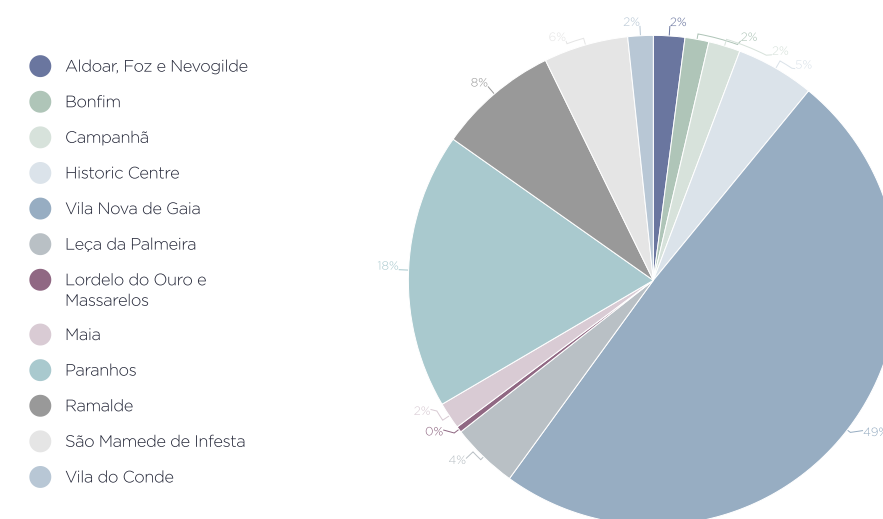


Source: Savills analysing SIR

There are slightly over 3,000 residential units pipeline in Greater Porto by 2025. Vila Nova de Gaia, a city that has seen an immense residential development in the last years, holds the largest number of dwellings currently under construction, amounting 49% of

the total pipeline. Paranhos, known to be a student suburb, takes the second place, with 555 units, representing 18% of the region's figures.

PIPELINE GREATER PORTO FROM 2023 TO 2025 UNDER CONSTRUCTION



Source: Savills Portugal Research



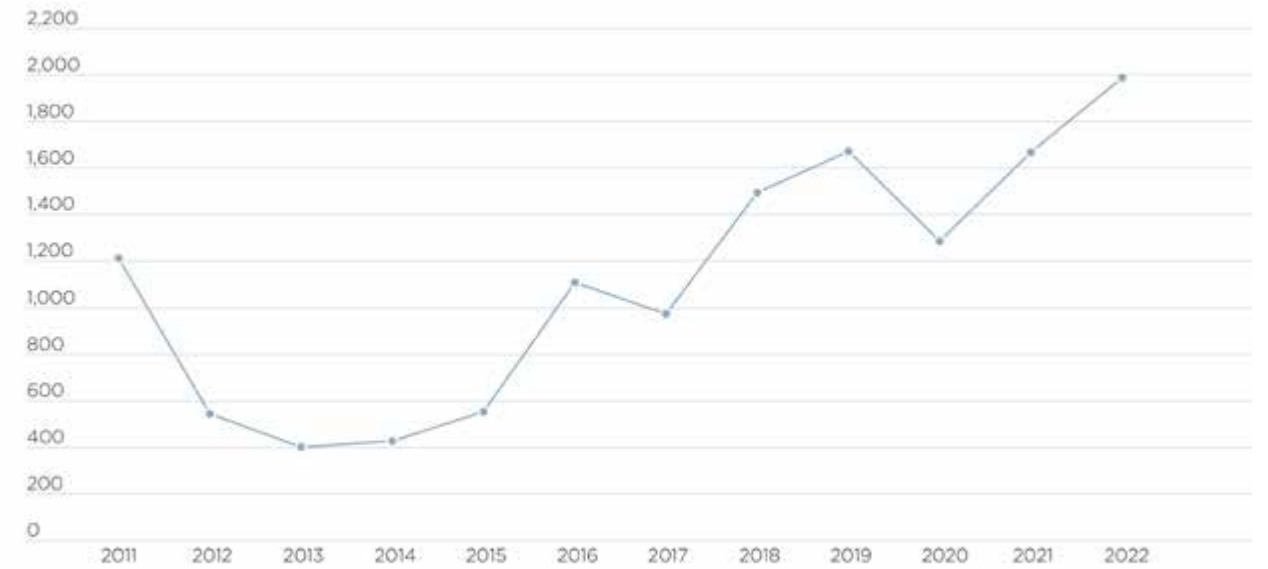
THE ALGARVE, THE LAND OF SECOND HOMES

The concept of second homes has become fairly popular in the last decades, thanks to technological development, the cheapened costs and popularisation of travelling, particularly as a result of the low-cost airlines burst.

Algarve is known for its long rental season, due to its privileged, lengthy summertime, thus becoming a popular holiday destination for people all over Europe, which makes rental investments extraordinarily interesting. On the other hand, during winter months, renting a property is just as well possible since golfers, surfers and remote workers tend to want to spend their time in a warmer region.

The Algarve is the most popular destination in Portugal when it comes to tourism, famous for its beaches, warm weather, second homes and golf courses, representing a generous portion of the country's accommodation establishments. According to a study published by Savills, in 2021 - What Buyers Want - Portugal has been exceptionally popular among the British, accounting for 47% of people looking to buy a second home. Irish and Portuguese buyers represent the next largest share, with 15% each. A more recent study, concerning the first half of 2022, states that 56% of housing acquisitions by foreigners in the Algarve region were made by British citizens, according to SIR-Resorts (Resorts Information System).

LICENSED UNITS IN GREATER ALGARVE



Source: INE

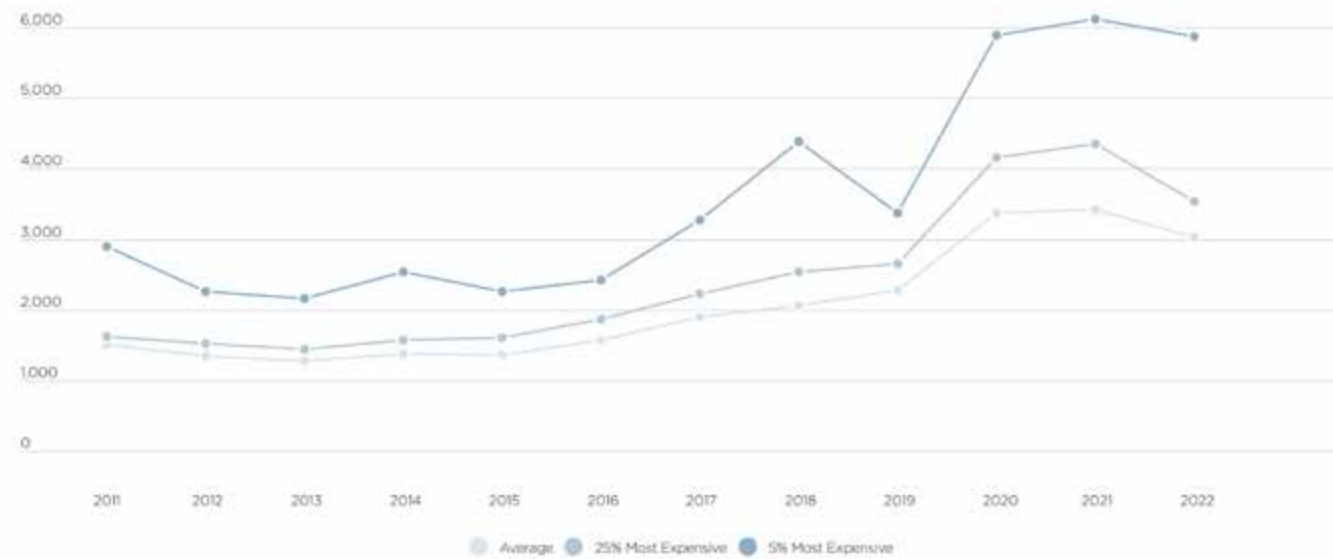
This sunny region holds, by far, the highest number of foreigners in the country, according to SEF and the 2021 Census. Out of all the 465 701 residents living in the southernmost Portuguese territory, 105 142 are immigrants, accounting for more than 22.6% of the total population. In cities such as Vila do Bispo, Albufeira, Aljezur and Lagos, the number of internationals surpass the average in the region, reaching 41.2%, 37.1%, 36.4% and 35%, respectively.

In 2022 there were 1,986 licensed residential units in the Algarve region, a record-breaking year, amounting 7% of the country's total.

The exceedingly high demand for second homes in the region shows no previsions of slowing down anytime soon, a tendency we also see the main zones of Portugal, especially the coastal areas.

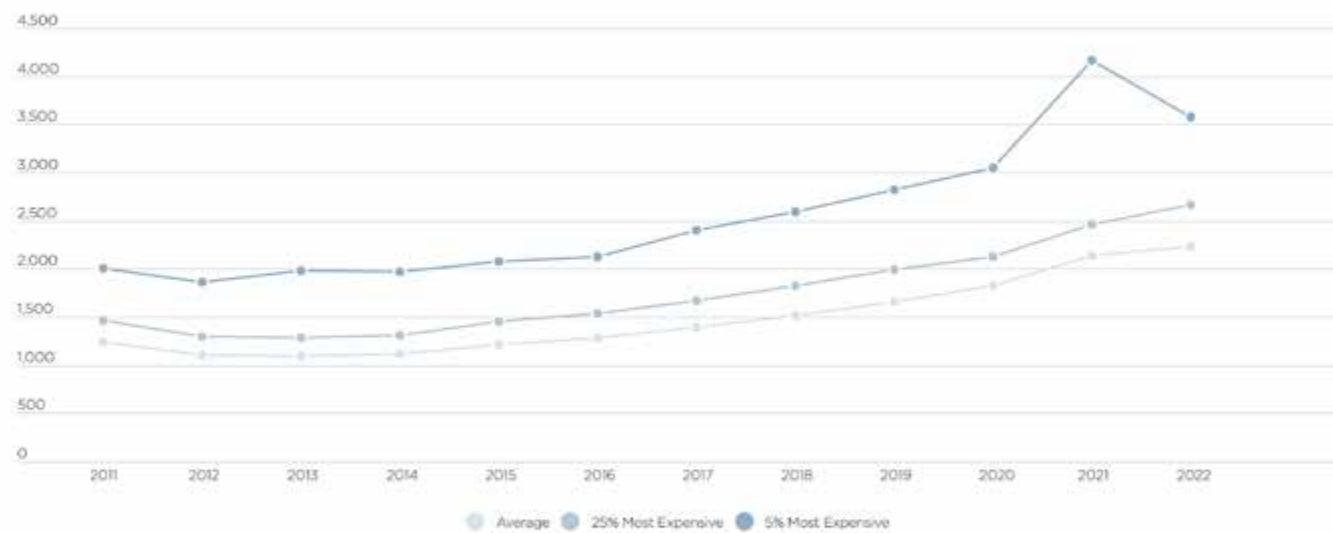


ALGARVE ASKING PRICES -
NEW PROPERTIES (€/SQ M)



Source: Savills analysing SIR

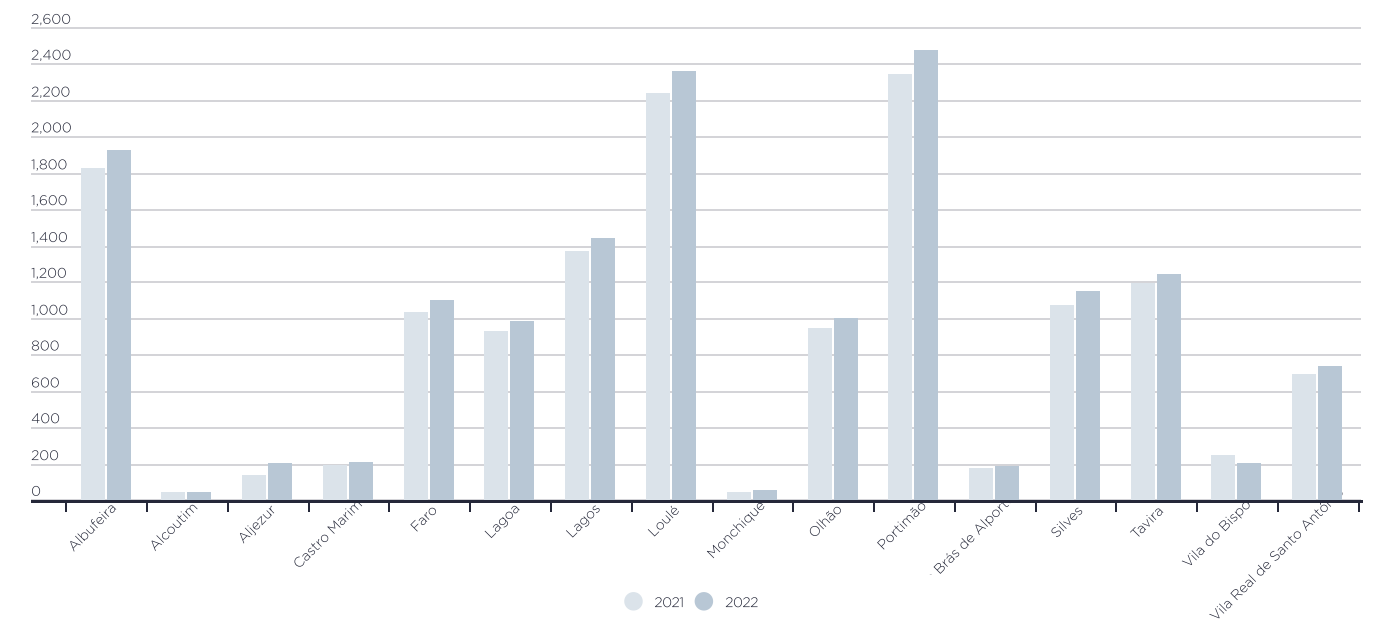
ALGARVE ASKING PRICES -
USED PROPERTIES (€/SQ M)



Source: Savills analysing SIR

In terms of housing transactions, Portimão, Loulé and Albufeira hold the highest number of property deals, accounting for 16.2%, 15.4% and 12.6% of the 15,300 homes sold in the region in 2022, representing almost 45% of the total deals closed in Algarve.

ALGARVE - HOUSES SOLD
BY MUNICIPALITY



Source: Savills analysing SIR

According to Savills Portugal Research, approximately 1,221 units are under construction/ in project, intended to be launched onto the market within the next 2 years. Lagoa accounts for 35% of the pipeline in the region, with a total of 5 developments that will bring to life 428 new residential units. Most of those developments in the Algarve are aimed at the medium-high and high-end residential market.

Branded Residences have gained popularity everywhere and Portugal is no exception. The Algarve can be considered the capital of this concept in the country, considering the number of resorts in the region. According to a Savills article published in October 2020, "What are branded residences?",

there is no single industry definition, though, at its core, a branded residence is a residential property available for purchase on the open market it is affiliated to, usually by design and servicing, to a well-known brand. These types of properties distinguish themselves due to being a part of or integrated into a luxury hotel of a renowned brand, giving their owners privileged access to whatever services and facilities are offered.

THE GOLDEN VISA – WHAT HAS CHANGED?

Created in 2012, the Golden Visa was an instrument to attract foreign investment in a period of economic recovery in Portugal, after the financial crisis. Since October 2012, when the visa first took effect, up to December 2022, more than 11.500 residence permits (AR) were granted, of which roughly 10.500 through the acquisition of real estate. From January to December 2022 alone, the program has brought to the country an investment of 654 million euros. By far, the leading share of Golden Visas have been granted to Chinese citizens, with more than 5.000 ARs approved.

In total, Portugal has collected nearly 6.7 billion euros since it came into force.

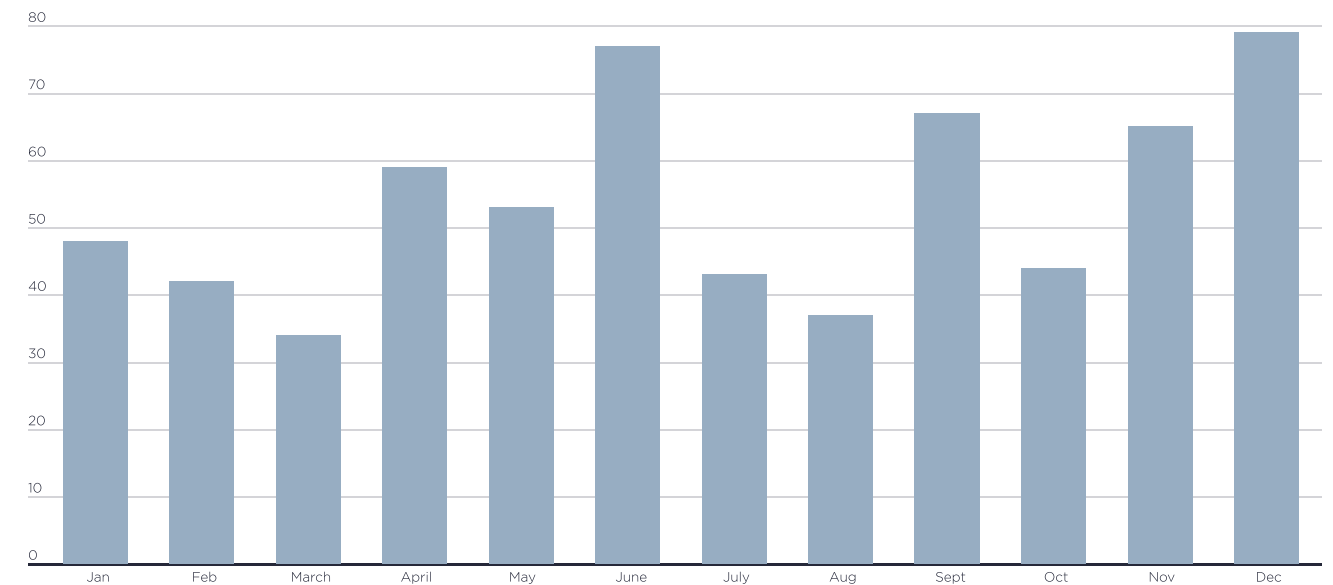
According to data provided by SEF (Serviço de Estrangeiros e Fronteiras), just in December 2022 alone, the investment collected through the Golden Visa scheme was the highest grossing of that year with 79.2€ million and a total of 151 granted visas.

AMOUNT INVESTED PER YEAR (M€)



Source: SEF

AMOUNT INVESTED PER MONTH IN 2022 (M€)



Source: SEF

As of January 2022, the regime of attribution of residence has undergone its first changes. The new rules for Golden Visas redirected investment of other areas of the country, with less density. Golden Visa were no longer granted through the purchase of homes in Lisbon or Porto, for example. However, there were still other paths and mechanisms that allowed for the attribution of Golden Visas through investment in the real estate market. A foreign investor still could invest through the acquisition of shops or offices, Investment Units in Private Equity Funds in the minimum amount of €500,000 or through the purchase of accommodation for tourism purposes.



- €500 thousand, on the acquisition of a property.
- €350 thousand, in the acquisition of a property for rehabilitation purposes;
- Residential property will only be eligible if located within mainland Portugal and on the islands of Madeira & Azores;
- Urban areas, such as Lisbon & Porto, are only available for the purchase of real estate for commercial and tourism purposes;
- Increase of minimum investment values in other investment categories:
 1. Capital transfers - Maintenance equal to or greater than €1.5 million
 2. Investment funds - Minimum investment amount of €500 thousand



However, in February 2023, the Portuguese government announced the possible end of the program, as a measure intended to relieve the current housing situation in the country and after the EU called on its member states to end the scheme.

In March 2023, the Government finally confirmed the end of the program. However, it is still possible to normally apply for the Golden Visa until - if approved - the law comes into force.

Though the end of Golden Visa was approved by the Council of Ministers, it is important to remember that the measure still has to be voted by the Portuguese Parliament and approved by President of the Republic. Only then we will have a verdict. In addition, in case the program actually ends up coming to an end, a grace period should be provided.



From banning new tourism accommodation licenses, to ending the Golden Visa program, the Portuguese Government has recently announced a series of actions designed to tackle the current housing situation in the country:

- Commercial properties can be used for housing - there will be no need to change from a commercial asset type of license to a residential one
- The end of Gold Visas - Visas that have been already applied will not be affected. However, their renewal processes might undergo through changes (only to be approved if the residence in question is aimed at its owners' own use/it's their fixed address or if the property is to be leased under a long-term contract).
- New contracts under price ceilings - ceiling on new lease agreements, corresponding to the inflation rates of previous years (applicable to houses that have been in the market within the last 5 years)
- Streamline municipal licensing - architectural projects will be granted licenses with only a term of responsibility signed by the architect responsible for the job
- Individuals who sell houses to the state are exempt capital gains tax
- The Portuguese Government will no longer grant new local accommodation licenses, except for rural properties located in the countryside. In addition, those that have been already granted will be subject to a reassessment in 2030 and then every 5 years
- Offer of fixed housing credit
- The government will be responsible for a part of the increase in the loans, due to the rise of interest rates, up to 200 thousand euros
- Tax reduction concerning long term rental contracts of residential properties from 28% to 25%
- The government will rent residences directly from homeowners in order to sublet these properties to individuals at a fair price



SUSTAINABILITY: THINK GREEN ACT GREEN

Over 90% of urban areas in the world are coastal, which means that a considerable number of major cities on the planet, including Lisbon and Porto, are exposed to the effects of global warming as sea levels rise. On top of that, inevitably, they are also more vulnerable to hurricanes and other natural disasters. The two biggest cities in Portugal have been actively taking measures to make a difference fighting the climate crisis, whilst improving the life of its citizens.

Lisbon has won the European Green Capital Award for 2020. This prestigious title was awarded by the EU Commissioner for Environment, Maritime Affairs and Fisheries, Karmenu Vella, at an awards ceremony in Nijmegen, the Netherlands – the current European Green Capital. The committee believed Lisbon, which started its sustainability journey during an economic crisis, could be an inspiring role model for other cities across the EU, “demonstrating clearly that sustainability and economic growth go hand in hand.” The city has been actively taking measures in order to keep up with other green capitals, such as:

- Since 2008, Lisbon has been cleaning up the Tagus Estuary with the help of substantial investment from EU Cohesion and Structural Funds.
- It has one of the world’s largest networks of electric vehicle charging points, while 39% of the municipal car fleet is electric.
- Lisbon achieved a twenty eight percent reduction in energy consumption between 2012 and 2017.
- In 2019, the city established a bike-sharing scheme in which, with the city’s hills in mind, two-thirds of the bikes were electric.
- There was a fifty percent reduction in water consumption by the municipality since 2013.



Lisbon offers a range of sustainable means of mobility that allow its residents and visitors to move around easily. By foot, bicycle, electric scooter, public transport or shared vehicles, the range of possibilities is gradually growing within a global framework of sustainable development.

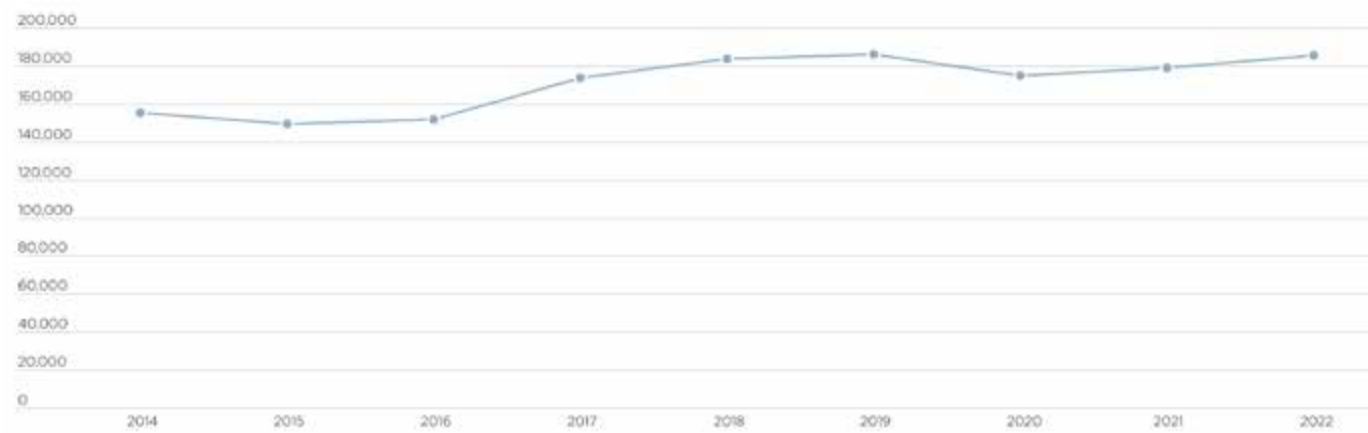
Porto has also played a major part in taking steps towards sustainability by being a pioneer in implementing electric mobility in Portugal. The municipality fleet has environmentally friendly cars and motorcycles and the necessary infrastructure to keep these vehicles going is an ongoing investment in the city. In addition, the new vehicles for recyclable rubbish collection run on natural gas. Furthermore, a fleet of buses powered by electricity has been added to the city in order to reduce pollution and improve the carbon footprint.

The real estate sector alone is responsible for 40% of all CO2 emissions. Aiming at more sustainable, energy efficient and net zero carbon footprint assets is what investors have been tirelessly seeking, being a major concern arisen among those willing to become homeowners.

People have started actively looking for ways to achieve and promote a healthier lifestyle, whilst contributing to slowing down the results of global warming. Future homeowners have been seeking out new or refurbished buildings that are more environmentally friendly. Modern and unique aesthetic concepts are not the only things to take into consideration anymore, costumers also aim at greater durability, functionality, and safety. Properties built with sustainable materials that integrate renewable energies are not just a trend, but the future of real estate.

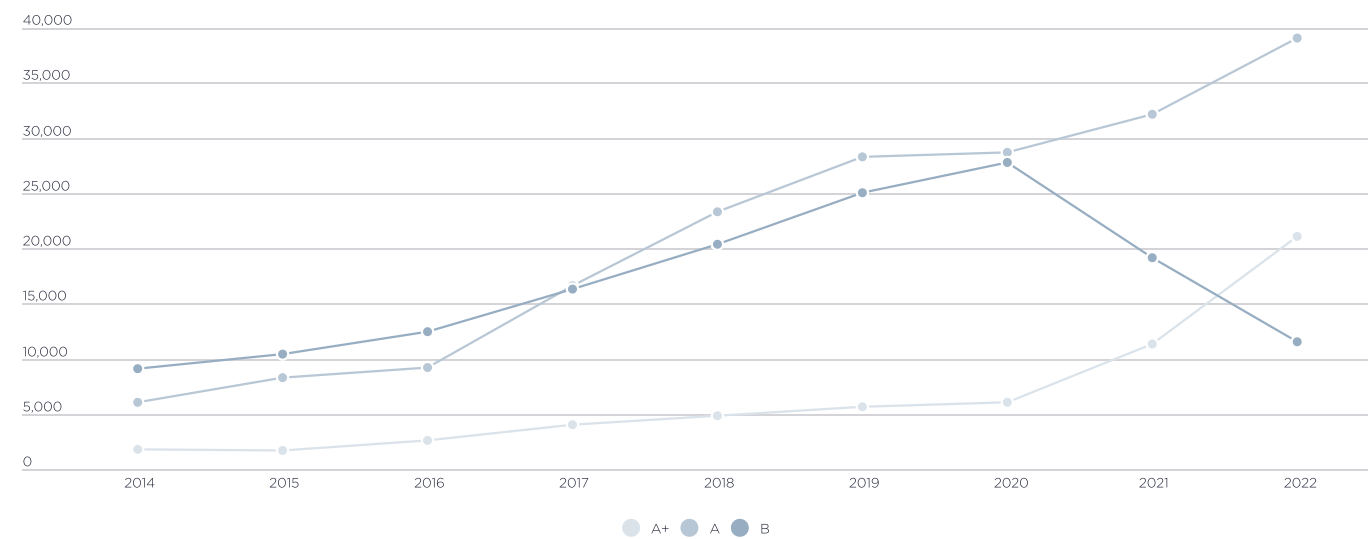
Regarding sustainable homes, according to ADENE, there has been an increase of over 16.2% in the number of EPCs issued since 2014 for residential properties. Exceptionally, from 2014 to 2022, the total of A+ granted thought EPCs issued have grown from only 1,867 to 21,100, being a clear sign sustainability has become more of a priority to many homeowners.

TOTAL OF EPCS ISSUED
THROUGHOUT THE YEARS

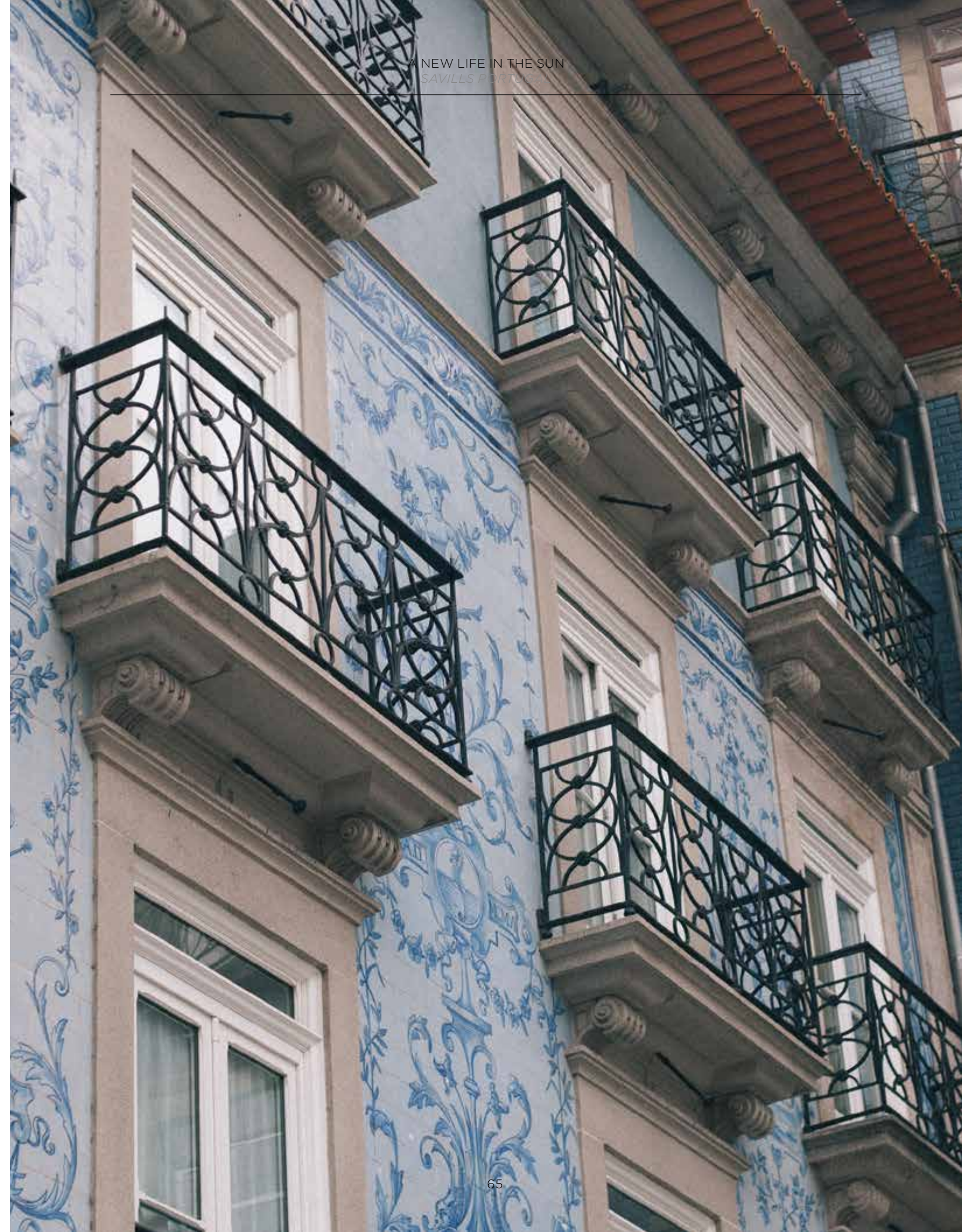


Source: ADENE

TYPES OF ECP GRADES ISSUED
THROUGHOUT THE YEARS



Source: ADENE



Over its life cycle, sustainable buildings protect the environment, improve citizens' well-being, and preserve valuable resources. From design and construction to renovation and demolition, they are environmentally responsible for years to come; after all, sustainability does not only mean taking care of the environment, it also means taking care of people.

Given this context, it is essential to be aware of what is currently happening in the market, in order to forecast future trends. In this sense, Savills Portugal has collaborated with Eduardo Kol Neto de Almeida, Lantia's CEO, who has provided an insight into how the Portuguese residential market has been moving towards a more sustainable path.



EDUARDO KOL NETO DE ALMEIDA
CEO, LANTIA

WHAT ARE THE MAIN CHALLENGES DEVELOPERS FACE WHEN IT COMES TO BRINGING SUSTAINABLE DEVELOPMENTS TO LIFE?

"What is a sustainable development? This definition is the biggest challenge that developers face.

If we take into consideration LEED and BREEAM types of certifications in order to achieve a high average, we find that the current legislation in Portugal already places developments at a very high level in the vast majority of the performance evaluation categories for said certifications.

There is a cost to achieving a good certification, but most of that cost is in regards of fees for the certification process and not concerning investment in the construction process. In other words, the actual cost is in the matter of making sustainability visible and not so much to achieve it.

Getting the valorisation from customers for that additional cost and, therefore, getting the valorisation for the investment. This process is much more backward than the equivalent process in the office market, where buyers and investors no longer equate projects that do not have certifications."

ARE HOMEBUYERS IN PORTUGAL WILLING TO PAY FOR THE EXTRA COSTS ASSOCIATED WITH BUYING A SUSTAINABLE HOME? HAS THE DEMAND FOR SUSTAINABLE PROPERTIES INCREASED LATELY?

"Our legislation is already very demanding, so it is possible to have a good ESG certification without a significant increase in costs. In that sense, I would say yes, that buyers are willing to pay these costs.

As part of our response in the residential sector, we were never asked by any customer whether our development had ESG certification, so we cannot say whether it has experienced an increase in demand for sustainable homes.

In Portugal, ESG certification for residential buildings is still taking its first steps, but we are convinced that in the short to medium term, it will become a reality.

Similarly to what happened in the context regarding the offices market, this will be a demand from investors and developers, who will also seek sustainability in their developments, either by positioning, social responsibility, or because they will cause a positive impact on banks with regard to financing. Finally, buyers will care about it more and more, as ESG certifications are

worldwide and in a global context, they will not want to lose the future value of their assets. At Lantia, the ELEMENTS and "Campo Pequeno" (name to revealed) projects will be ESG certified."

HOW/WHAT WILL BE THE FUTURE OF SUSTAINABLE HOUSES?

"We are convinced that in the near future, customers will need homes that use renewable energy management and production systems, support urban mobility, better acoustic and thermal insulation and water treatment.

Regarding energy management and production, our projects will provide water heating by solar thermal systems or heat pumps and electricity generation by photovoltaic panels.

When it comes to mobility, our projects provide electric chargers for every apartment and parking for electric bicycles.

Concerning water treatment as well as waste management, we are only adopting water management policies. We would say that currently, it is still difficult and expensive to provide residential projects with water treatment solutions."

THE BUYERS GUIDE



CHIADO

It stands out as one of the most luxurious areas in the city of Lisbon, known for its architecture, along with the countless gastronomic and cultural experiences. Some of the main landmarks in Portugal are located in Chiado, such as Praça Luís de Camões and Largo do Carmo. Through so much diversity and personality, its many shops, restaurants, bars, and cafes have attracted people from all over the world. Chiado is the perfect mix between a cosmopolitan and traditional suburb. Most properties have generous balconies and terraces, many of them with side and front view of river. Its residential offer mainly consists of rehabilitated 2 bedrooms apartments.



PRICE RANGE

7,000 €/sq m - 13,500 €/sq m



CULTURE

Teatro da Trindade
Museu de São Roque
Elevador de Santa Justa
Museu Nacional de Arte Contemporânea
Teatro Nacional São Carlos



FOOD & DRINKS

Café d'A Brasileira
Benard
Palácio do Chiado
Bairro do Avillez
La Brasserie de l'Entrecôte
Chiado Wine Bar
Silk
Belcanto
100 Maneiras



HOSPITAL

Hospital da Ordem Terceira do Chiado



SHOPPING

Armazéns do Chiado
Hermes
Leitão e Irmão
Vista Alegre
Bertrand
Zara
H&M



SUPERMARKETS

Minipreço
Amanhecer
Celeiro

PRÍNCIPE REAL

Famous for being one of the Portuguese royal family's favourite places to build their elegant family homes, Príncipe Real is characterized by its rich historical architecture, preserved to this day. The Botanical Garden of Lisbon, considered a national monument, is one of the best known elements of Príncipe Real. This suburb offers its residents vast green spaces and several leisure options. Even though it is one of the 'hot spots' for tourists visiting Lisbon, Príncipe Real provides an uncomplicated and peaceful lifestyle, in one of the most charming areas of Lisbon. In terms of housing offer in the area, the largest number of properties available are 1 bedroom apartments, with a refined and sophisticated interior architecture.



PRICE RANGE

8,000 €/sq m - 12,500 €/sq m



CULTURE

Museu da História Natural e da Ciência



FOOD & DRINKS

A Cevicheria
Pizzaria ZeroZero
Faz Frio
Atalho Real
Tapisco
LostIn Rooftop
Pavilhão Chinês, Jobim



EDUCATION

Colégio Luso - Suíço
Faculdade de Ciências da
Universidade de Lisboa - Campus
da Escola Politécnica



GREEN SPACES

Jardim do Príncipe Real
Miradouro São Pedro de Alcântara
Jardim Botânico de Lisboa



SHOPPING

Embaixada
21 PR Concept Store
Bernardo Atelier Lisboa
Mercado Biológico do Príncipe
Real

BAIXA

Baixa is Lisbon's historic heart and commercial center. It combines a wide variety of street shops and gastronomic options, offering its residents the opportunity to live in a historic centre with an extraordinary character. Blending both traditional and modern aspects of the city, through such diversity, Baixa remains a timeless area, reinventing itself over the years and promising a life full of experiences and incomparable well-being. Rua Augusta and its the triumphal arch, which takes its visitors straight to Praça do Comércio, are the most iconic landmarks the Portuguese capital. This region mainly offers a range of 1 to 2 bedrooms.



PRICE RANGE

7,500 €/sq m - 10,500 €/sq m



CULTURE

Galerias Romanas da Rua da Prata
Teatro Nacional D.Maria II
Convento do Carmo
Praça do Comércio
Arco da Rua Augusta



FOOD & DRINKS

Bastardo
Gambrinus
Taberna Moderna
Confeitaria Nacional
Nicolau Lisboa



SHOPPING

Casa Macário
Typografia Lisboa
Fred Perry
Garrafeira Nacional
Mercado da Figueira



SUPERMARKETS

Pingo Doce
Meu Super
Celeiro

AVENIDA DA LIBERDADE

Located in the heart of Lisbon, the luxurious Avenida da Liberdade connects Praça dos Restauradores to the Marquês roundabout and it is considered one of the main avenues in the city. This imposing street is also home of numerous designer brands stores and haute couture. Avenida da Liberdade is just within a walking distance to one of the largest and most beautiful gardens, Parque Eduardo VII and some of the best restaurants and bars in the Portuguese capital. Being a high-end area, its residential market offers a wide variety of amenities, such as parking spaces, balconies, terraces, swimming pools, gyms and security services. Most of the residential properties in the area are 1 to 2 bedroom apartments.



PRICE RANGE

8,000 €/sq m - 13,500 €/sq m



CULTURE

Casa-Museu Medeiros e Almeida
Cinema São Jorge
Teatro Tivoli



FOOD & DRINKS

JNcQUOI Avenida
JNcQUOI Asia
Cervejaria Liberdade
Seen Lisboa
Avenida Sushi Café
Eleven
Skybar



GREEN SPACES

Parque Eduardo VII



HOSPITAL

Centro Hospitalar Universitário de Lisboa



SHOPPING

Prada
Louis Vuitton
Miu Miu
Gucci
Zadig et Voltaire
Stivali
YLS
Dior



SUPERMARKET

ALDI

AMOREIRAS

Located in one of the highest points of the city, the Amoreiras is famous for its wide range of residential, commercial and office spaces. Such a convenient access to the A5 highway, the exit to the 25 de Abril Bridge and Marquês de Pombal makes this area an extremely privileged suburb. The Amoreiras Shopping Centre is reference point for the entire city. In addition, it is just a 5 min drive from Parque Florestal de Monsanto, where you can enjoy its green spaces, viewpoints, playgrounds and countless options for physical activity. The Lycée Français Charles Lepierre school is an excellent option for those looking for foreign education since its teaching system is exclusively in French. Most of the residential offer in this neighbourhood comes from 2 bedroom apartments.



PRICE RANGE

6,500 €/sq m - 10,000 €/sq m



CULTURE

Museu da Água da EPAL
Aquaduto das Águas Livres



FOOD & DRINKS

Forno d'Oro
L'os à Moelle
Flor de Lis



EDUCATION

Lycée Français Charles Lepierre
Escola Secundária Maria Amélia
Vaz de Carvalho



GREEN SPACES

Jardim das Amoreiras



SHOPPING

Amoreiras Shopping Centre
Amoreiras Plaza



SUPERMARKETS

Auchan

ALFAMA

It has managed to keep its essence intact over the years. This neighbourhood was one of the few in the city that only suffered slight damage during the 1755 earthquake, thus being one of the historic centres of the capital with the most well-preserved historic buildings. Its narrow streets, its colourful buildings, and the Tagus River represent Lisbon at its core. It is one of the oldest areas of the city. Its identity is characterised by being extremely authentic and carrying immense history and tradition. From being able to enjoy a typical Portuguese meal to the sound of fado, to the haute cuisine of a chef, this charming neighbourhood manages to reinvent itself, without losing its character. Those looking for a property in Alfama will find a large range of 2 bedroom apartments.



PRICE RANGE

6,000 €/sq m - 9,000 €/sq m



CULTURE

Castelo de São Jorge
Panteão Nacional
Sé de Lisboa
Museu do Fado



FOOD & DRINKS

Prado
Farol de Santa Luzia
A Travessa do Fado
Parreirinha de Alfama
Esperança da Sé



LANDMARKS

Jardim do Castelo de São Jorge
Miradouro das Portas do Sol
Miradouro de Santa Luzia



SUPERMARKET

Pingo Doce
Minimercados de rua

CAMPO DE OURIQUE

Campo de Ourique is known for being a neighborhood that has everything. Countless gastronomic options, shops, services, and green spaces. The famous Mercado de Campo de Ourique preserves its essence as a market for fresh essential goods, having recently been adapted into a food court with several restaurants inside. This residential neighborhood offers its residents, from all age groups, a high quality lifestyle that blends a laidback suburban everyday life with the perks of living in the Portuguese capital. Its residential properties mainly account for 2 bedroom apartments.



PRICE RANGE

6,000 €/sq m - 8,500€/sq m



FOOD & DRINKS

Pizzaria Memória
Peixaria da Esquina
Tasca da Esquina
Memoria
Hikidashi
Aloma
O Melhor Bolo de Chocolate do Mundo



EDUCATION

Redbridge School
Salesianos de Lisboa



GREEN SPACES

Jardim da Parada



SHOPPING

Otherwise
Companhia do Campo
Gavetão
Antimilk
Maria Gorda
Maria Granel



SUPERMARKETS

Mercado de Campo de Ourique
Pingo Doce

ESTRELA E LAPA

Lapa, which belongs to the parish of Estrela, is one of the most charming areas of the city of Lisbon, full of palaces and stunning views of the river. One of the great meeting points in this neighbourhood is Jardim da Estrela, a place where people of all ages gather to enjoy a huge green outdoor space. This proximity to nature brings peace and calm to an area located in the centre of Lisbon, making it possible to disconnect and relax from the often hectic day-to-day life. There are also a large number of schools and colleges around the neighbourhood, along with useful business services, such as grocery stores, supermarkets, pharmacies and banks. In terms of housing offer in the area, the largest number of properties available are 2 bedrooms.



PRICE RANGE

6,000 €/sq m - 10,500€/sq m



CULTURE

Basílica da Estrela
Museu Nacional de Arte Antiga
Casa-Museu Amália Rodrigues



FOOD & DRINKS

LOCO
XL
Pastelaria Cristal
A Loja do Sr Rocha
Flora & Fauna



EDUCATION

Externato Rainha Dona Amélia
Liceu Pedro Nunes
Externato O Lar da Criança
ISEG - Instituto Superior de
Economia e Gestão
Colégio Santa Maria



GREEN SPACES

Jardim da Estrela
Tapada das Necessidades



SERVICES

Post Office
Hospital CUF Tejo
Lapa Health Centre
Pharmacies
Embassies

SANTOS

Also known as Santos-O-Velho, is located between Estrela and the Tagus River. Full of genuine Portuguese architecture, street shops, bars and restaurants. This area is notorious for being one of Lisbon's 'design districts', being home to the renowned Faculty of Design, Technology and Communication (IADE), along with many design shops and stunning works of urban art scattered throughout its streets. The area has become predominant of young people, not only for its artistic and creative environment, but also for its attractive nightlife it offers. As it is a young and dynamic neighbourhood, it is very well served by public transport, accessible by tram, bus and train. Santos mainly offers its residents smaller residential properties, such as 1 bedroom apartments.



PRICE RANGE

5,500 €/sq m - 10,000 €/sq m



CULTURE

Igreja de Santos-O-Velho
Museu Nacional de Arte Antiga
Museu das Comunicações



FOOD & DRINKS

La Boulangerie
Contrabando
Garrafeira de Santos
Le Chat
O Botanista



EDUCATION

Redbridge School
Salesianos de Lisboa



GREEN SPACES

Jardim Nuno Álvares (Jardim de Santos)
Jardim 9 de Abril



SERVICES

Train Station (Lisboa-Cascais)

ALCÂNTARA

Over the years, the neighborhood of Alcântara has gone through a massive rehabilitation process, not only in terms of public infrastructure, but also in terms of its most recent constructions. In 2008, LX Factory opened its door as we know it. The main idea was to create a creative and inspirational area, where people could socialize in its restaurants and bars, stroll through its shops, or work in one of the various places allocated either for companies or on a co-working basis. Nowadays is of the trendiest spaces in the city, with a captivating atmosphere where everything happens at a vibrant pace. Alcântara is also valued for its proximity to the Tagus River. The Docas area has a large number of restaurants, with terraces overlooking the river, along with several areas for children and outdoor activities. In terms of accessibility Alcântara has access either by tram, train, or bus. This region mainly offers a range of 1 to 2 bedrooms.



PRICE RANGE

5,500 €/sq m - 8,500 €/sq m



CULTURE

Museu da Carris
Observatório Astronómico
Cordoaria Nacional



FOOD & DRINKS

Lx Factory
Doca de Santo Amaro
O Mercado



EDUCATION

Instituto Superior de Agronomia
Escola Secundaria Rainha Dona
Amélia



GREEN SPACES

Monsanto



SERVICES

Hospital Egas Moniz
Hospital CUF Tejo
Lisbon Congress Centre
Supermarkets
Post Office

GRAÇA

Located at the highest point of Lisbon's seven hills, Graça is a historic neighbourhood that has been adapting over the years to the needs and interests of the younger population. Graça merges historical elements that characterise the city of Lisbon with several contemporary works, thus creating an environment where the old meets the modern, and where both live in perfect harmony. Notorious for being an area that values urban art, several artists have been choosing its environment to exhibit their works, making it possible to find murals by both national and international artists. It offers its residents several green spaces, such as the Jardim da Cerca da Graça, which is located just a 2-minute walk from the Miradouro da Senhora do Monte, where you will find one of the most extensive views of the Lisbon. The majority of residential developments in this suburb offers 2 bedroom apartments.



PRICE RANGE

5,600 €/sq m - 8,000 €/sq m



CULTURE

Miradouro da Graça
Igreja da Graça
Mosteiro de São Vicente de Fora



FOOD & DRINKS

Graça 77
Açores na Feira
Pastelaria Saga
Altar
Hamburgueria no talho
Piteu da Graça



EDUCATION

Escola Básica e Secundária Gil
Vicente



GREEN SPACES

Jardim da Cerca da Graça
Jardim Botto Machado



SUPERMARKETS

Mercado de Santa Clara
Pingo Doce
Lidl

MARVILA E BEATO

Previously known as an area of warehouses and abandoned places, the region has been the target of enormous development in recent times, having become an extremely interesting zone, from an artistic point of view, with a unique character and certainly one of the areas with the highest growth in recent times. This neighbourhood attracts a high number of people connected to the artistic community due to the number of galleries and places dedicated to creativity. Most of what is available in the residential market in the Marvila and Beato area is rehabilitation properties, maintaining the characteristics and charm buildings not only on the outside, but also in their interiors, with a vast number of 2 bedroom dwellings. The atmosphere of this neighbourhood is different, innovative, stimulating and, above all, it is extremely open to what is new, bold and revolutionary.



PRICE RANGE

5,000 €/sq m - 8,500 €/sq m



CULTURE

Museu Nacional do Azulejo
EKA Palace
Galeria Underdogs



FOOD & DRINKS

Atelier Henrique Sá Pessoa
The Royal Rawness
Café com Calma
Fábrica Musa



EDUCATION

Escola Básica e Secundaria Luís António Verney



GREEN SPACES

Parque da Bela Vista
Parque do Vale Fundão



MUST SEE

Biblioteca de Marvila
Centro de Arte e Comunicação Visual
Fábrica Moderna

AVENIDAS NOVAS E ALVALADE

Located right in the centre of the city, Avenidas Novas has a wide range of services to offer. Being one of the flattest areas of Lisbon, full of cycle paths, its access is easy, and you can safely use bicycles and scooters for your daily trips. In this neighbourhood you will have access to everything within walking distances, finding a huge range of restaurants, cafes, pastry shops, shops, grocery stores, supermarkets and excellent access to public transport. Here you can choose between the traditional and the emblematic, or the contemporary and modern. Very close to Avenidas Novas and known for being a family suburb, the Alvalade neighbourhood is a relatively small area, but with a wide range of services for everyday life. Starting from Avenida da Igreja, known for being the heart of Alvalade, here you will find an extensive choice of restaurants, pastry shops, street shops, among other services. Mainly, the residential offer in these zones tends to concern 2 bedroom houses.



PRICE RANGE

6,500 €/sq m - 11,000 €/sq m



CULTURE

Museu Calouste Gulbenkian
Casa-Museu Dr Anastácio Gonçalves
Biblioteca Municipal de Lisboa
Praça de Touros do Campo Pequeno



FOOD & DRINKS

Pastelaria Versailles
Nómada
L'Éclair
Choupana Caffè
Pasta Non Basta
The Green Affair
O Melhor Croissant da Minha Rua
Gelataria Conchanata
O Prego da Peixaria
Nova Ásia



EDUCATION

Colégio do Largo
Extrenato Infante D. Pedro
ISCAL - Instituto Superior de Contabilidade e Administração de Lisboa
Colégio São João de Brito
Escola Secundária Rainha Dona Leonor



GREEN SPACES

Jardim da Fundação Calouste Gulbenkian
Jardim do Palácio das Galveias
Jardim Mário Soares



SERVICES

Atrium Saldanha
Saldanha Residence



SHOPPING

El Corte Ingles

BELÉM E AJUDA

Belém stands out for its proximity to the Tagus River, being a quiet residential area with a great cultural offer, where the possibilities of enjoying outdoor spaces are endless. Belém is internationally known for some of the most emblematic historical monuments in Portugal, such as the Belém Tower, the Jerónimos Monastery or the Padrão dos Descobrimentos. The restaurants in Belém provide their customers with outdoor terraces, allowing people to enjoy the good climate that is so characteristic of the city of Lisbon. It is in these places that locals and tourists merge, enjoying a diverse atmosphere in an upscale neighbourhood. Strongly residential and familiar, it is a truly fascinating area of the city, where the Tagus River meets the Atlantic Ocean, which offers bigger properties than most suburbs in Lisbon, with a wide range of 3 bedrooms apartments.



PRICE RANGE

6,500 €/sq m - 11,500 €/sq m



CULTURE

Mosteiro dos Jerónimos
Centro Cultural de Belém
Torre de Belém
Palácio Nacional da Ajuda
Museu da Eletricidade
MAAT



FOOD & DRINKS

Nune's Real Marisqueira
Este Oeste
O Frade
Vela Latina
Nikkei
Darwin's
Pastelaria Careca
Feitoria
Pastéis de Belém



EDUCATION

Escola Secundária do Restelo
Externato Santa Maria de Belém
Colégio Bom Sucesso
Faculdade de Arquitetura da
Universidade de Lisboa



GREEN SPACES

Jardim Botânico da Ajuda
Jardim dos Montes Claros
Jardim da Praça o Império

PARQUE DAS NAÇÕES

Also known as Zona Expo, it is one of the most developed areas in the city. Its new infrastructures and facilities led Parque das Nações to become an area with several prestigious residential projects, aimed at the middle and upper middle classes. Considered the most modern area of the city of Lisbon, it has been the choice of multinational companies, mainly dedicated to the TMT sector. With buildings that rise with modern facades overlooking the Tagus, Parque das Nações has become a business district in the city of Lisbon. The area is very well served by public transport, located very close to Lisbon airport (10 minutes). With its very central characteristics, the region attracts families who value a standard of quality of life that allows them to walk or cycle along the river. Its residential market has a modern character, in a mixture of the traditional and the modern, with the majority its new developments offering 2 to 3 bedroom apartments.



PRICE RANGE

6,800 €/sq m - 11,500 €/sq m



CULTURE

Lisbon Oceanarium
Torre Vasco da Gama
Pavilhão do Conhecimento
Telecabine Lisboa



FOOD & DRINKS

Edo Sushi
Fity Seconds
Cantinho do Avillez
The Old House
Butchers



GREEN SPACES

Parque Tejo
Jardins Garcia da Horta
Jardim das Ondas



SERVICES

Oriente Station
Vasco da Gama Shopping Centre

OEIRAS

Oeiras has benefited from Lisbon's demographic expansion and has been slowly turning into a tech hub in the Lisbon Metropolitan Area. This title has managed to make many international, renowned companies chose the city has their new address in Portugal. The attractiveness of its location due to being so close the Tagus River was just another contributing factor to the region's growth. In terms of its residential market, the region has such large and modern developments, most of which have swimming pools, parking, balconies, and gyms. Those looking for a property in Oeiras will find a large range of 3 to 4 bedroom apartments.



PRICE RANGE

5,000 €/sq m - 10,000 €/sq m



CULTURE

Jardins e Palácio Maquês de Pombal
Fábrica da Pólvora
Vasco da Gama Aquarium
Palácio Ribamar



FOOD & DRINKS

Faz Figura
Borges
A Quinta
Luar da Barra



EDUCATION

Escola Secundária de Miraflores
Escola Secundária Prof. José Augusto Lucas
Secundária Sebastião e Silva
Secundária da Quinta do Marquês



GREEN SPACES

Parque dos Poetas
Complexo Desportivo do Jamor
Jardins da Quinta Real de Caxias

CASCAIS

Due to its many international residents and wealthy Portuguese families, Cascais comprises a significant part of the prime residential market in the Lisbon Metropolitan Area. Traditionally a second home location, both nationally and internationally, the area offers luxury properties with swimming pools, balconies, garage, and gardens. The region mainly attracts new residents thanks to being surrounded by the Atlantic Ocean and its pleasant weather. Those looking for a laidback and lifestyle, though conveniently close the Portuguese capital, will find in Cascais their perfect haven. The majority of new developments in this city concerns 3 to 4 bedroom properties.



PRICE RANGE

7,500 €/sq m - 13,500 €/sq m



CULTURE

Casa de Santa Maria
Museu Condes de Castro
Guimarães
Casa Sommer
Casa da Guia



FOOD & DRINKS

Bar do Guincho
Taberna Clandestina Cascais
Fortaleza do Guincho
Mercado da Vila
A Nova Estrela



EDUCATION

Salesianos do Estoril
Colégio Maristas de Carcavelos
King's College School



GREEN SPACES

Parque Marechal Carmona
Parque Natural de Sintra-Cascais
Parque Palmela



MUST SEE

Praia do Guincho
Boca do Inferno
Praia do Tamariz
Casino Estoril



BUYING REAL ESTATE IN PORTUGAL

In Portugal, the property rights that can be acquired are the following:

- **Full ownership or freehold:** The full and exclusive right of possessing, enjoying and disposing of real property.
- **Usufruct:** The right to use and enjoy a third party's property for a certain period of time, which cannot extend after the death of the beneficiary or be granted for periods longer than 30 years if the beneficiary is a legal person. The beneficiary can use the property in the same way as if he was the owner and collect natural, industrial or civil profits, provided the original economic function of the property is maintained.
- **Right of Use:** The right to use a third party's property to meet one's own specific needs or the needs of one's family;
- **Surface Right:** The right to build and maintain a building, using and enjoying the building on or under a third party's land. Surface rights can be created for a certain period of time or can be perpetual. With the termination of the surface right the owner of the land becomes the owner of the building incorporated in the land.

Co-ownership of real estate is permitted under Portuguese law. It is possible to constitute a building, or a group of buildings functionally linked to each other, under the regime of horizontal property.

The Portuguese law does not provide for the so-called "fiduciary ownership", only admitting it in the Madeira Free Trade Zone, where is legally admitted the incorporation of trusts for the purposes of the activities to be pursued.

ASSET DEALS

In an Asset Deal the purchaser acquires the ownership of the property through a purchase and sale executed through a public deed or through a notarized private document executed by a lawyer, solicitor or conservator.

Usually, the process begins with the signing of a promissory sale and purchase agreement (“PSPA”) that precedes the effective transfer of the property and defines certain obligations and, if necessary, the fulfilment of certain requirements preceding the transaction.

Upon the signing of the PSPA, it is normal for the promissory purchaser to pay the promissory seller an amount as a down payment. Portuguese law establishes that if the promissory purchaser defaults, the promissory seller is entitled to make the amount received as a down payment its own. If the promissory seller defaults, the law states that the promissory purchaser is entitled to receive the amount of the down payment paid in double. Alternatively, Portuguese law provides the institute of specific execution of the PSPA, which should be requested by the non-defaulting party.

Following the signature of the PSPA it is usual to perform the provisional register of the acquisition of property with the Land Registry Office which will become definitive upon the signature of the public deed or the notarized private document.

Transfers of title must be recorded with the Land Registry Office and afterwards registered with the Tax Authority.

The transaction record is intended to give publicity to the legal status of the property and confers a presumption of the existence of the right and its ownership. The regime in force obliges to register and the lack of registration may imply the lack of protection of the purchaser against third parties.

The Land Registry is based on the principle of priority of registration whereby the first recorded in rem right prevails over other recorded in rem rights even if the latter have been created prior to such registration date.

Before entering a PSPA it is recommended that due diligence be performed to verify the legal, commercial, urbanistic, environmental and tax situation of the property.

The due diligence is usually carried out by the purchaser in order to obtain information regarding ownership, charges, encumbrances, tax, authorizations, licensing, agreements and other contingencies and/or liabilities concerning the property. Part of the relevant information can be accessed directly with public authorities such as Land Registry Office, Tax Authority and Municipalities, but in most transactions the seller provided the documentation required by the purchaser.

According to Portuguese law, for the new construction the seller is responsible for defects that occur within 5 years from the completion date of the construction work.

Structuring a real estate transaction commonly requires several steps, including:

- i. Due Diligence.
- ii. Promissory Sale and Purchase Agreement (with or without registration).
- iii. Transfer agreement.
- iv. Payment of due prior to the public deed such as stamp duty and municipal property transfer tax (IMT).
- v. Public deed or authenticated private document.
- vi. Acquisition Registration.

The generic documents required by law for the transfer of ownership are the following: (i) the land registry certificate (“certidão predial”), (ii) the tax certificate (“caderneta predial”), (iii) the use permit (“licença de utilização”) or the building permit (“licença de construção”), (iv) the energy certificate and (v) the proof of registration of the ultimate beneficial owner with the Portuguese Ministry of Justice for corporate entities.





TAX FRAMEWORK

Investments in real estate can be performed individually or structured through vehicles such as commercial companies, real estate investment funds, property investment companies.

TRANSFER TAX AND STAMP

The following taxes may apply to the purchase of real estate, depending on the structure of the deal.

Asset deals:

- Municipal Property Transfer Tax (IMT)
- VAT (IVA)
- Stamp duty (Imposto do Selo)

Share deals:

- Municipal Property Transfer Tax (IMT)

ASSET DEALS

Real Estate Transfer Tax (IMT) will be calculated on the price of the transaction or on the VPT (value of the real estate assessed by the Tax Authority), whichever is higher.

IMT is charged at the following rates:

$$(Taxable\ value \times Rate) - Threshold\ deduction = IMT\ to\ be\ paid.$$

IMT is charged at the following rates:

- Flat rate of 6.5% on the sale or transfer of any urban property not exclusively of a residential nature.
- Flat rate of 5% for rural properties.
- Progressive rates for the sale and transfer of urban buildings or apartments exclusively for residential purposes that are intended to be the buyer's permanent residence, ranging from 0% to 7.5% as mentioned in below:

Taxable Value (€)	Rate	Threshold Deduction (€)
Up to 97,064	0%	0
Above 97,064 to 132,774	2%	1,941.28
Above 132,774 to 181,034	5%	5,924.50
Above 181,034 to 301,688	7%	9,545.18
Above 301,688 to 603,269	8%	12,562.06
Above 603,269 to 1,050,400	6%	0
Above 1,050,400	7.5%	0

- Progressive rates for the sale and transfer of urban buildings or apartments exclusively for residential purposes and/or intended for letting purposes, but not intended as the buyer's permanent residence, ranging from 1% to 6% as mentioned in below:

Taxable Value (€)	Rate	Threshold Deduction (€)
Up to 97,064	1%	0
Above 97,064 to 132,774	2%	970.64
Above 132,774 to 181,034	5%	4,953.86
Above 181,034 to 301,688	7%	8,574.54
Above 301,688 to 578,598	8%	11,591.42
Above 578,598 to 1,050,400	6%	0
Above 1,050,400	7.5%	0

To discourage the purchase of real estate in Portugal through offshore companies, IMT is levied at a rate of 10% if the buyer is a company established in a country, territory or region with a preferential tax regime.

Further, as of 1 January 2021, the same punitive tax rate applies, when the acquirer is an entity dominated or controlled, direct or indirectly by a company established in a country, territory or region subject to a preferential tax regime. In these cases, no exemptions are made available.

Since 2016 the acquisition of real estate by open-end or privately placed closed-end Real Estate Investment Funds or Retirement Savings Funds are no longer exempt from IMT (until 31 December 2018 it was still possible to challenge the 2016 repeal of the exemption with respect to Real Estate Investment Funds; this interpretation has been followed in numerous arbitration decisions).

However, the property deals may be exempt from IMT or may benefit from tax reliefs in the following cases, among others:

- Property acquisition for resale.
- Acquisition of urban property for urban regeneration purposes.
- Restructuring operations or cooperation arrangements.
- Acquisition of property classified as of national/public/municipal interest.
- Exemption or reduction of the IMT tax rates, regarding the acquisition of property that constitutes eligible investment under the Investment Promotion Tax Regime (RFAI).

Real estate owned by open-ended or publicly offered closed-end Real Estate Investment Funds (REIFs), pension funds, or retirement funds no longer benefit from a 50% IMI exemption.



VALUE ADDED TAX

As a rule, the transfer of property and shares in Portugal is exempt from VAT.

Nonetheless, in the case of a transfer of property, a seller may waive the exemption if certain conditions have been met and they have complied with various formalities.

If the exemption is waived, VAT can be recovered in accordance with specific dispositions set out in the Portuguese VAT Code.

TAX ON OWNERSHIP

IMI is a municipal property tax, payable by the owner or occupier of the property (excluding tenants), on the VPT (value of the real estate assessed by the tax authority) of urban and rural properties.

IMI is payable on the VPT of each property at rates which range between 0.3% and 0.8%, depending on the municipality and on the type of property.

Urban properties solely for the residential use of the buyer, as his primary domicile, may benefit from a temporary exemption from IMI for up to three years, if the property's value is less than €125,000. To benefit of this exemption, the income of the buyer's household cannot exceed €153,300.

IMI exemptions are also possible in the case of projects of economic importance, or buildings classified as of national, public or municipal interest.

These deals may also be exempt from IMI or may benefit from tax reliefs in the following cases, among others:

- Urban property subject of urban regeneration may benefit from IMI exemption during a period of three years, renewable for a period of five years, counted from the date of the completion of the restoration works.
- Urban property acquired for energy production from renewable sources may, benefit from a 50% reduction on IMI rate.
- In some cases, municipalities may determine a reduction of up to 25% of the IMI rate, applicable to urban property with energy efficiency.
- Rural property composed by forest areas covered by forest intervention zone or acquired for forestry exploitation under a forest management plan.
- Under the Investment Promotion Tax Regime (RFAI), companies may benefit from exemption or relief of IMI for a certain period (up to 10 years), provided that some conditions are met.



IMI is borne by the owners of property and it is collected by the municipalities according to the valuation of the property determined by the tax authorities.

The Portuguese State Budget for 2017 introduced the Additional to the IMI (AIMI). The AIMI is levied on the sum of the VPT's of all dwellings owned or in relation to which the taxpayer has the right of use or the surface right.

In the case of individuals, €600,000 should be deducted from the sum of the VPT of all dwellings, being the AIMI levied on the residual value at a rate of 0.7% where the taxable value is less than €1 million, and of 1% marginal rate if and where higher. A marginal rate of 1.5% is applied when the taxable value is above €2 million.

In the case of companies, no deduction is to be applied, and the AIMI should be levied at a rate of 0.4%.

The value of real estate assets held by companies that are allocated to the personal use of equity holders, members of company bodies, or their spouses, ascendants and descendants is subject to a rate of 0.7%, where the taxable value is less than €1 million, a 1% marginal rate if higher than €1 million and less than €2 million and a marginal rate of 1.5% if higher than €2 million.

Urban property classified as "commercial", "industrial" or "for services" and "others" are excluded from AIMI.

For dwellings owned by an entity established in a country, territory or region with a preferential tax regime the AIMI rate is 7.5%.

Dwellings covered by an exemption on IMI are also not subject to AIMI

THE PORTUGUESE NON-HABITUAL RESIDENT TAX REGIME

WHAT IS IT?

Portugal has a special tax regime for new residents which offers them attractive tax opportunities at the individual level.

Foreign tax residents wishing to become resident in Portugal may benefit from exemption or reduction of taxation on their income for a 10-year period.

REQUIREMENTS

To qualify as a NHR, an individual must:

- Be a **tax resident** under Portuguese domestic legislation;
- Not have been a Portuguese tax resident in the **five years** prior to taking up residence in Portugal;
- Submit a **request** to register as a NHR in the Tax Authorities' website (until March 31st of the year subsequent to becoming a resident in Portugal)

Portuguese tax residency, regarding Portuguese Personal Income Tax purposes, may be acquired via two different ways, such as:

- Remaining in national territory more than **183 days**, consecutive or not, in any period of 12 months beginning or ending in the year in question;
- Having stayed less time, to have a **dwelling** in national territory at any time during the referred period, under conditions that suggest that the individual **intends to maintain and occupy it as an habitual residence**.



TAX REGIME APPLICABLE IN PORTUGAL TO PASSIVE INCOME FROM FOREIGN SOURCE

- **Interest:** Possibility of exemption (provided that this income is liable to taxation in the source country under the DTA entered into between PT and the source country). Interest originated in tax havens, which do not have DTA with PT, are taxed at a 35% rate.
- **Dividends:** Possibility of exemption (provided that this income is liable to taxation in the source country under the DTA entered into between PT and the source country). Dividends originated in tax havens, which do not have DTAs with PT, are taxed at a 35% rate.
- **Capital Gains on Movable Property:** Taxed at a 28% rate (possibility of exemption provided that this income is liable to taxation in the source country under the DTA entered into between PT and the source country).
- **Capital Gains on Immovable Property:** Possibility of exemption (provided that this income is liable to taxation in the source country under the DTA entered into between PT and the source country).
- **Royalties:** Possibility of exemption (provided that this income is liable to taxation in the source country under the DTA entered into between PT and the source country). Royalties (qualifying as investment income) originated in tax havens, which do not have a DTA with PT, are taxed at a 35% rate.
- **Real Estate Income:** Possibility of exemption (provided that this income is liable to taxation in the source country under the DTA entered into between PT and the source country). Rental income from tax havens, which do not have a DTA with PT, are taxed at a 28% rate.
- **Pensions:** Possibility of exemption applies to NHR beneficiaries prior to 2020, provided that this income is not considered as obtained in Portugal. For NHR beneficiaries from 2020 onwards, taxed at a 10% rate. A transitional regime was approved, where individuals who were NHR beneficiaries prior to 1st of April (date of entry into force of the Portuguese State Budget Law for 2020), or who become resident in Portugal until the mentioned date and apply for the NHR regime within the prescribed deadlines, may choose which regime to apply (exemption or 10% rate).





TAX REGIME APPLICABLE IN PORTUGAL TO ACTIVE INCOME FROM FOREIGN SOURCE

- **Income from Self-employment:** Possibility of exemption if this income is earned in relation with activities of high added value*, e.g. engineers, doctors, general managers and executive managers of companies, and if it is liable to taxation in the source country under the DTA entered into between PT and this country.
- **Income from Employment:** Possibility of exemption only if this income is effectively taxed in the source State under the DTA entered into between PT and the source state, where applicable. If there is no DTA, possibility of exemption if effectively taxed in the source state and if not considered as Portuguese-sourced.

TAX REGIME APPLICABLE IN PORTUGAL TO PASSIVE INCOME FROM PORTUGUESE SOURCE

- **Interest:** Taxed at a 28% rate;
- **Dividend:** Taxed at a 28% rate;
- **Capital Gains on a Movable Property:** The balance between the capital gains and losses is taxed at a 28% rate;
- **Capital Gains on a Immovable Property:** Taxed at progressive rates, on 50% of its value;
- **Royalties:** Taxed at a 28% rate;
- **Real Estate Income:** Taxed at a 28% Rate (certain reductions may apply);
- **Pensions:** Taxed at progressive rates.

TAX REGIME APPLICABLE IN PORTUGAL TO ACTIVE INCOME FROM PORTUGUESE SOURCE

- **Income from Self-employment and Income from Employment:** Taxed at a rate of 20% if it is earned in activities of high added value*, e.g. engineers, doctors, college teachers, farmers, general managers and executive managers of companies.

Source: DLA Piper





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