

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, with the 's' in red and the rest in black. It is positioned in the top right corner of the page.

savills

SPOTLIGHT

RESIDENTIAL MARKET

WHAT'S GOING ON
IN PORTUGAL?

RESIDENTIAL MARKET - PORTUGAL - H1 2026

RESEARCH

Executive summary

National transaction volumes fell 5.4% year on year in H1 2026 but remain 7.5% above the three-year H1 average. This is a normalisation from an exceptional 2025, not a downturn - every major market is trading below last year and above its own norm.

NATIONAL TRANSACTION VOLUMES

-5.4%

YoY in H1 2026

Credit has reopened. Housing lending reached €16bn in H1 2026, up 19% year on year, with the average rate on new contracts at 2.93%. Both tailwinds are maturing: rates have edged up in each of the three months since bottoming at 2.81% in March 2026, and construction cost inflation has risen for five consecutive months to 6.9%, with materials rejoining labour as a driver for the first time since 2022.

Delivery has recovered but remains regionally lopsided. National completions reached 27,301 units in 2025, a tenth consecutive annual increase and the first year exceeded the 2011 level. Greater Porto delivered 5,139 units against Greater Lisbon's 3,545, having led in every year since 2023.

Growth is concentrated almost entirely in new-build. In Greater Lisbon, new-build sales rose 6.6% to a record 3,294 units while the used segment fell 9.1%; in Greater Porto, new-build transactions rose 11.0% against a 16.0% contraction in second-hand stock.

Lisbon's high-end market: sales rose 39.2% to 1,709 units, a second consecutive year of near-40% growth, while available stock fell 18.7% year on year to 7,331 units in Q2 2026. Absorption has climbed to 12.2% of available stock, from 7.4% a year ago. The composition of that demand has shifted: second-hand sales rose 46.6% to 1,064 units against 28.5% for new-build, reversing the new-build-led pattern of previous years.

Record absorption is being achieved without further price escalation. New-build high-end sales in Lisbon city reached 335 units in Q2 2026, the highest quarterly total on record, at an average of €7,692/sq m - inside a narrow €7,520-7,950 band since early 2024 and 7.7% below the Q4 2022 peak.

The Porto metropolitan area: available stock rose 9.5% year on year to 25,727 units in Q2 2026, Vila Nova de Gaia has overtaken Porto city on transaction volume, and absorption has fallen to 25.2% of available stock from 30.2% a year ago and 67.7% in Q2 2022.

Porto city is the exception within the metropolitan area. Available stock fell 4.9% to 9,600 units in Q2 2026, the only one of the four principal municipalities to contract, while sales fell 10.8% to 2,669 units, the weakest H1 of the series.

Foz remains the benchmark at €8,421/sq m, but the strongest gains of the half were in Paranhos (+20%) and Ramalde (+17%), while Lordelo do Ouro and Massarelos (-3.3%) and Bonfim (-1.5%) both fell.



Did you know?

Rental markets are recovering volume in both cities, but from opposite structural positions: Lisbon transacts 93% of its contracts in second-hand stock, Porto 79%, and Porto's rental supply is materially more compact, with T1 or smaller accounting for 47% of listings against 30% in Lisbon.



Macro Backdrop: Credit reopens as costs re-accelerate

Housing loans granted reached €16bn in H1 2026, 19% above the same period of 2025, with monthly volumes repeatedly clearing €2.7bn - levels not seen since the 2021 cycle.

The average rate on new housing loan contracts stands at 2.93%, less than half the 4.27% peak recorded in late 2023. The direction of travel, however, is no longer uniformly favourable. The rate on new contracts bottomed out at 2.81% in March 2026 and has edged up in each of the three months since - 2.86%, 2.90% and 2.93%.

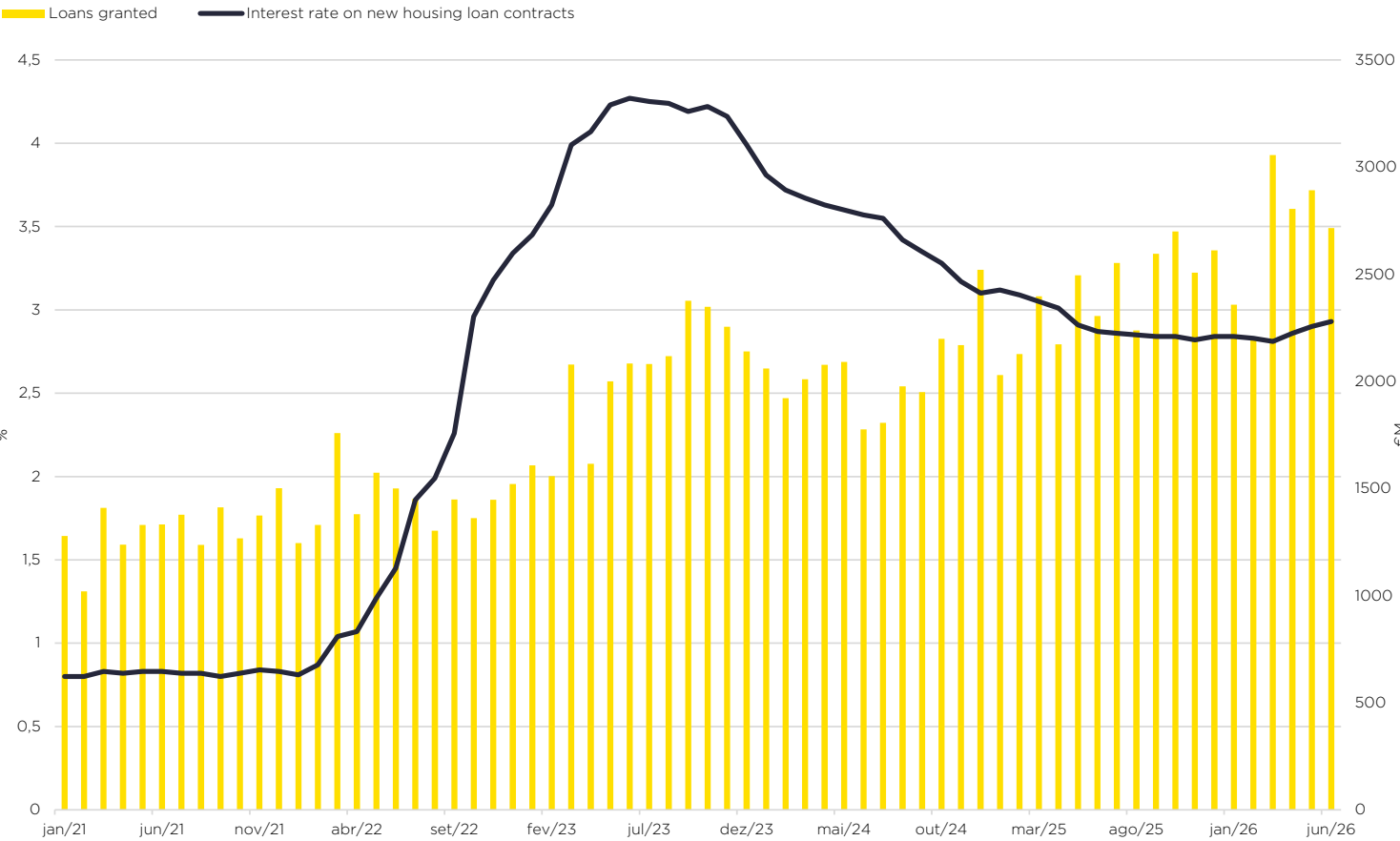
HOUSING LOANS H1 2026

16Bn

(YoY +19%)



HOUSING LOANS GRANTED VS INTEREST RATE | € MILLION (BARS, LHS) AND % ON NEW CONTRACTS (LINE, RHS)



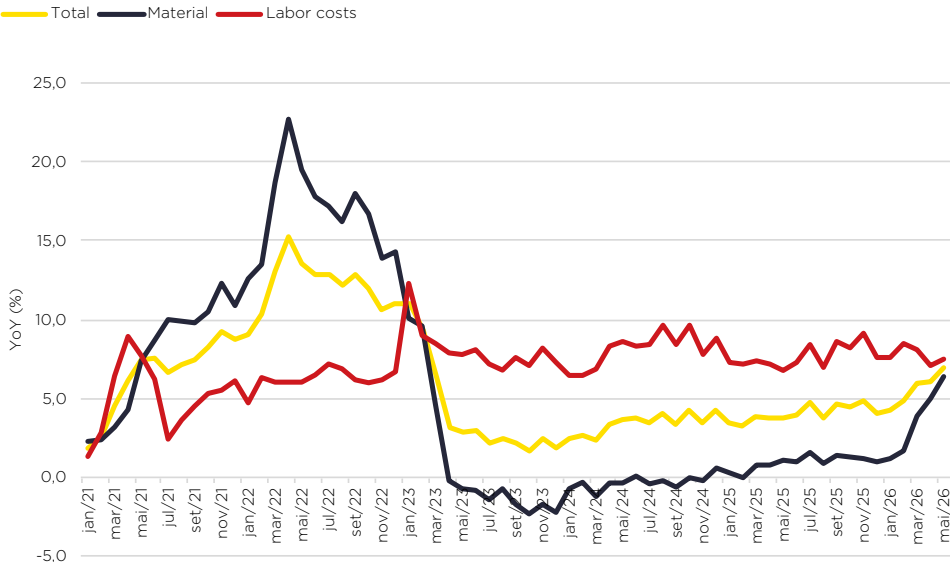
Source: Savills Research using Bank of Portugal

On the cost side, the reprieve has ended. Total construction cost inflation reached 6.9% year on year in May 2026, its highest reading since early 2023 and the fifth consecutive monthly increase from a December 2025 trough of 4.0%.

INTEREST RATE
(VARIABLE)

2.93%

CONSTRUCTION COSTS



Source: Savills Research using Bank of Portugal

Completions: A Decade of Recovery

Completions of new family housing reached 27,301 units nationally in 2025, the tenth consecutive annual increase and the first year of the cycle to exceed the 2011 level of 26,382 units.

The recovery has been long and slow: output bottomed at 7,148 units in 2015, a 73% fall from 2011, and has taken a full decade to regain that ground.

The regional composition of that recovery has inverted. Greater Porto delivered 5,139 units in 2025 against Greater Lisbon's 3,545. Porto's output has risen more than elevenfold from its 2016 low of 455 units, and it has led Lisbon in every year since 2023, with the gap widening in each of them. Greater Lisbon's path has been shallower and less consistent, interrupted by a decline in 2023 before resuming.

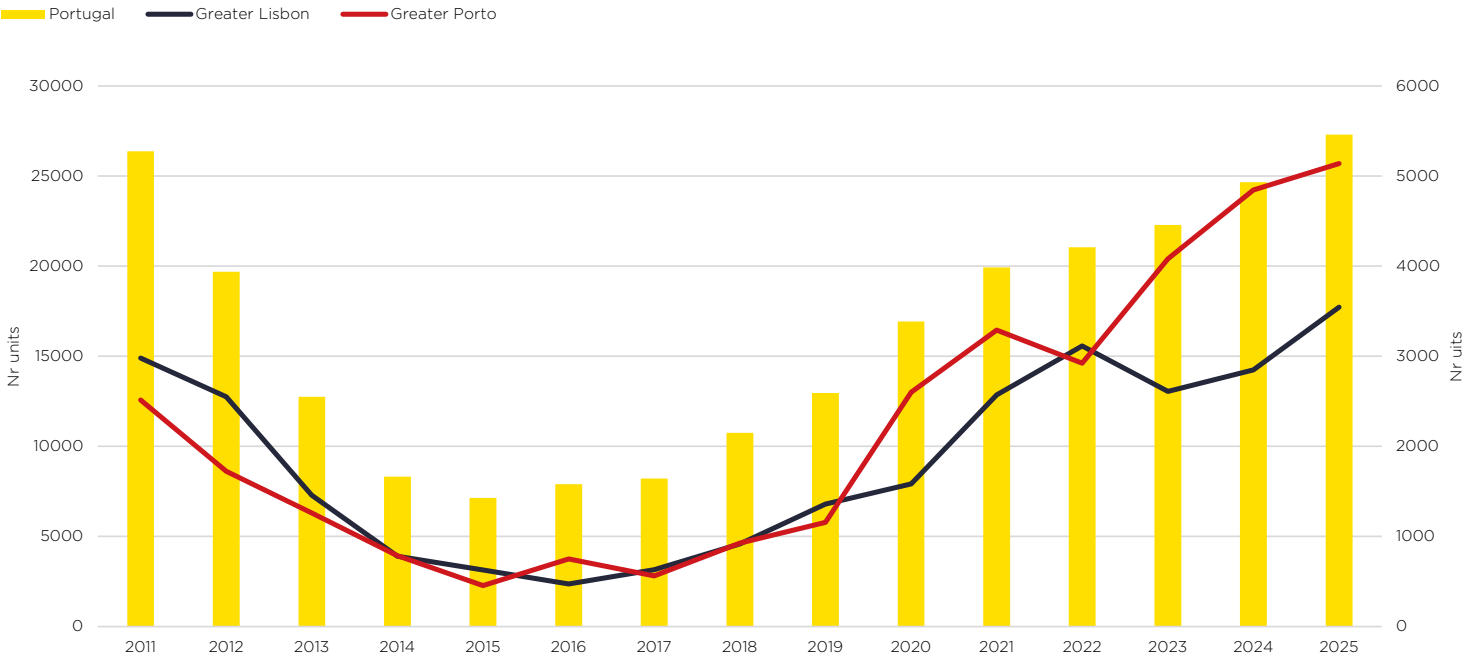
Greater Lisbon has 15,857 units across 233 schemes currently in sales; Greater Porto has 14,885 units across 253 schemes. Porto therefore spreads a slightly smaller volume across more schemes - an average of 59 units per scheme against 68 in Lisbon.

27,301
UNITS NATIONALLY
IN 2025

That difference is consistent with the pattern identified later in this report. Porto's expansion is dispersed across the outer municipalities in smaller increments, while Lisbon's is concentrated in fewer, larger regeneration schemes.



COMPLETED DWELLINGS (NO.) IN NEW CONSTRUCTIONS FOR FAMILY HOUSING



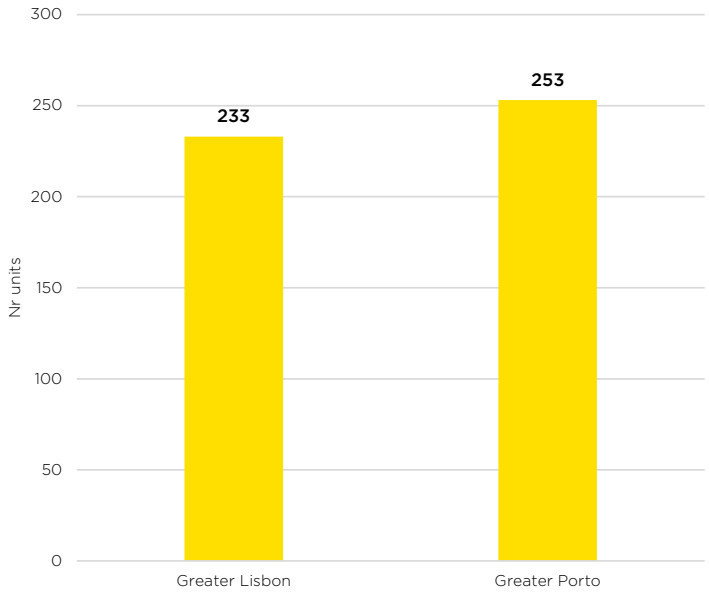
Source: Savills Research using Bank of Portugal



PRODUCT CURRENTLY IN THE MARKET

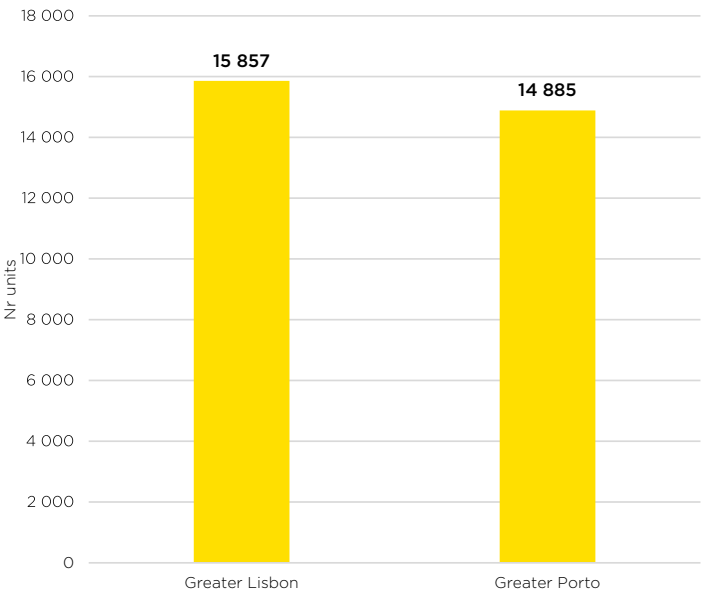
Schemes and units in sales Greater Lisbon and Greater Porto | H1 2026

SCHEMES CURRENTLY IN SALES



Source: Savills Research using Pipeline Imobiliário

UNITS CURRENTLY IN SALES



Source: Savills Research using Pipeline Imobiliário



Transaction Volumes: Normalising, Not Weakening

Portugal recorded a 5.4% year-on-year decline in residential transactions in H1 2026.

National volumes sit 7.5% above that benchmark, and the same pattern holds in every major market - each is below last year and above its own norm.

The exception in degree is the Algarve, where volumes have converged on their three-year average rather than clearing it. That market has the least support from domestic credit-driven demand and the most exposure to discretionary international buying, and its flat reading is the earliest signal in the national dataset.

H1 2026 — HOUSES SOLD	YOY	3-YR H1 AVG.	VS AVG.
Portugal	-5.4%	71,562	+7.5%
Greater Lisbon	-7.1%	21,342	+6.2%
Greater Porto	-7.0%	11,783	+8.7%
Algarve	-6.9%	5,801	+0.1%

Source: Savills Research using INE and Bank of Portugal

Greater Lisbon: Sales growth is all in new-build

Available stock in Greater Lisbon stood at 37,505 units in Q2 2026, down 7.0% year on year and 4.4% below Q1 - the first second-quarter decline since 2022.

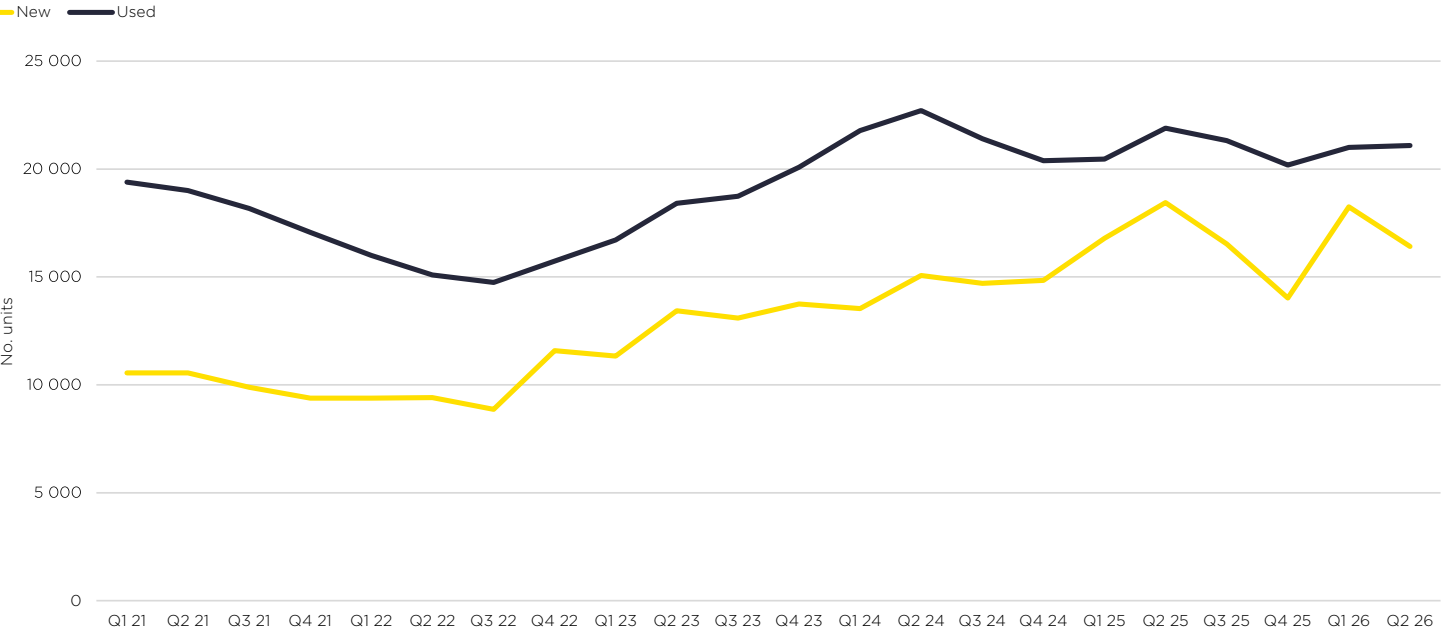
Available stock in Greater Lisbon stood at 37,505 units in Q2 2026, down 7.0% year on year and 4.4% below Q1 - the first second-quarter decline since 2022. The contraction is concentrated in new-build, down 11.0% to 16,414 units against 3.7% in the used segment, so new product has fallen to 43.8% of available stock from 45.7% a year ago. Land scarcity, protracted licensing and elevated construction costs continue to cap the pipeline.

Sales fell 7.1% to 22,663 units in H1 2026. The used segment fell 9.1%, while new-build rose 6.6% to 3,294 units - the highest H1 on record - lifting its share of transactions from 12.7% to 14.5%. All the growth in the region is in delivered new product.

Q2 2026 alone delivered 1,854 new-build sales, the highest quarterly total of the series, and because supply is falling faster than sales, absorption improved to 31.4% of available stock from 30.5% a year earlier. Q2 2026 alone delivered 1,854 new-build sales, the highest quarterly total of the series.

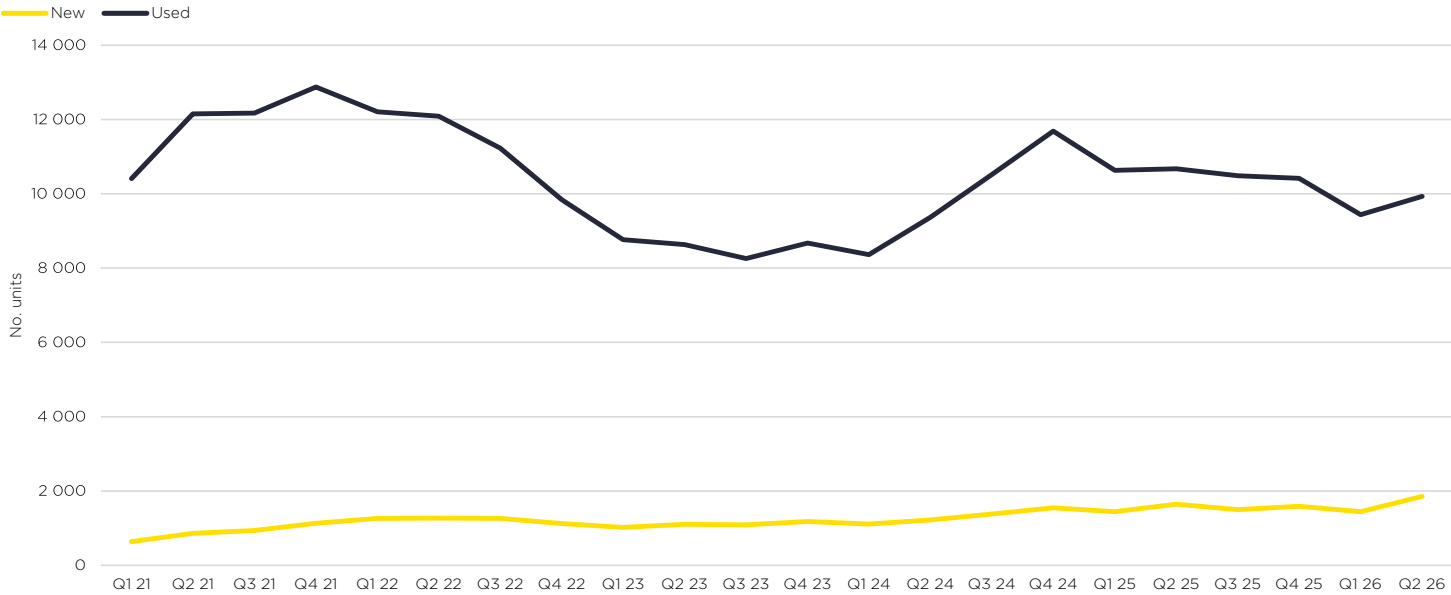


GREATER LISBON | TOTAL SUPPLY



Source: Savills Research using SIR

GREATER LISBON | TOTAL SALES



Source: Savills Research using SIR

NEW-BUILD
RISE

6.6%

the highest H1
on record



Lisbon High-end: Demand is outrunning supply

The high-end segment of Lisbon municipality is the tightest part of the national market.

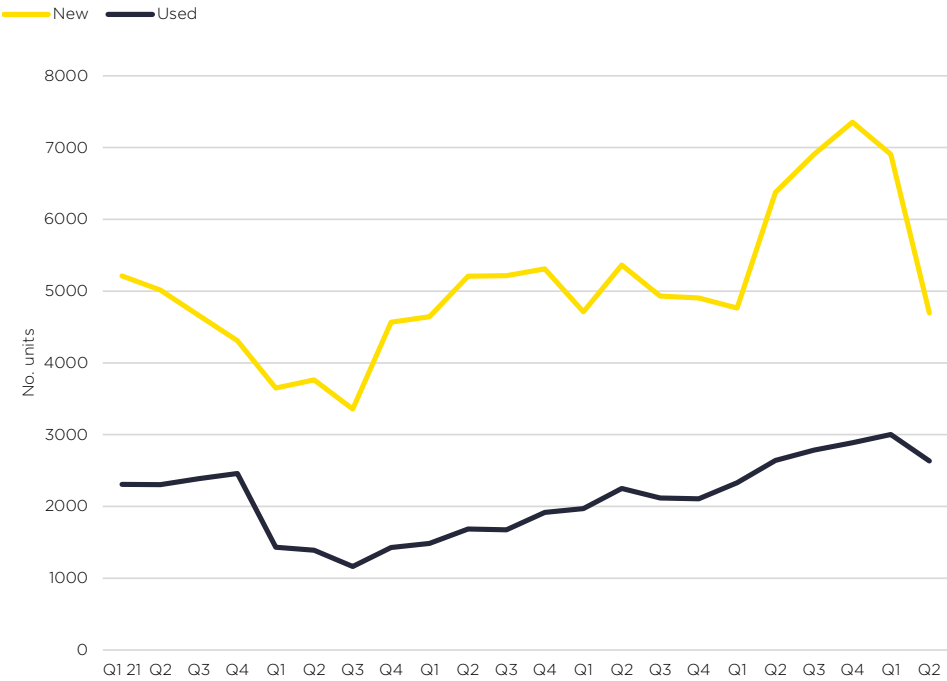
Sales rose 39.2% to 1,709 units, a second consecutive year of near-40% growth; volumes have almost doubled in two years, from 874 units in H1 2024. Supply has moved the other way: available stock fell to 7,331 units in Q2 2026, 18.7% below Q2 2025 and 28.4% off the Q4 2025 peak of 10,242 units, as product is absorbed faster than it is replaced.

Absorption is broad-based rather than confined to the historic core: Santa Maria Maior (+168%), Parque das Nações (+137%), Arroios (+109%) and Lumiar (+102%) all more than doubled.

New-build accounts for 64.1% of that stock, down from 70.7% a year earlier.

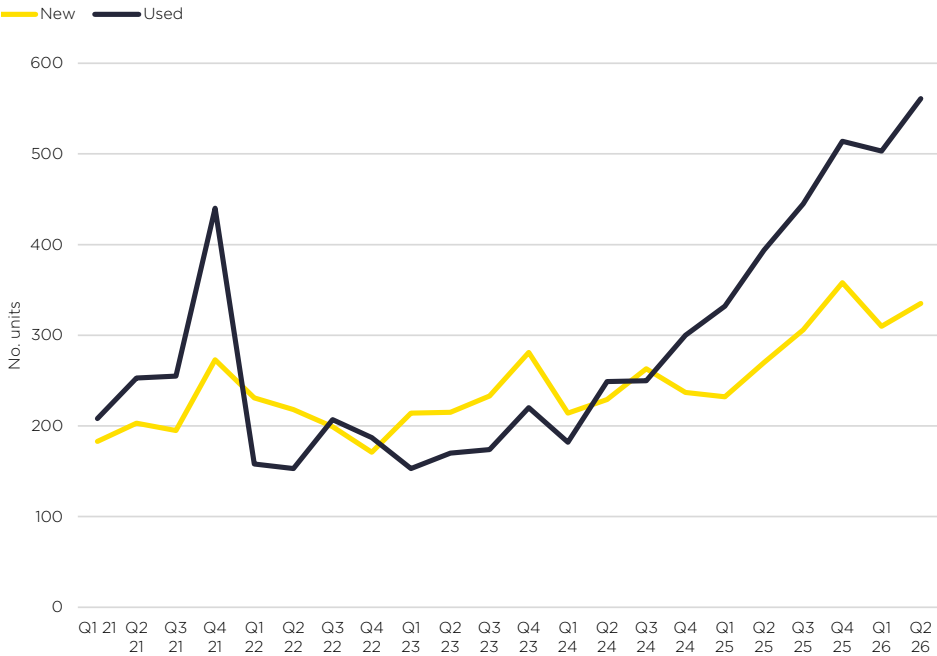


GREATER LISBON | TOTAL SUPPLY



Source: Savills Research using SIR

GREATER LISBON | TOTAL SALES



Source: Savills Research using SIR



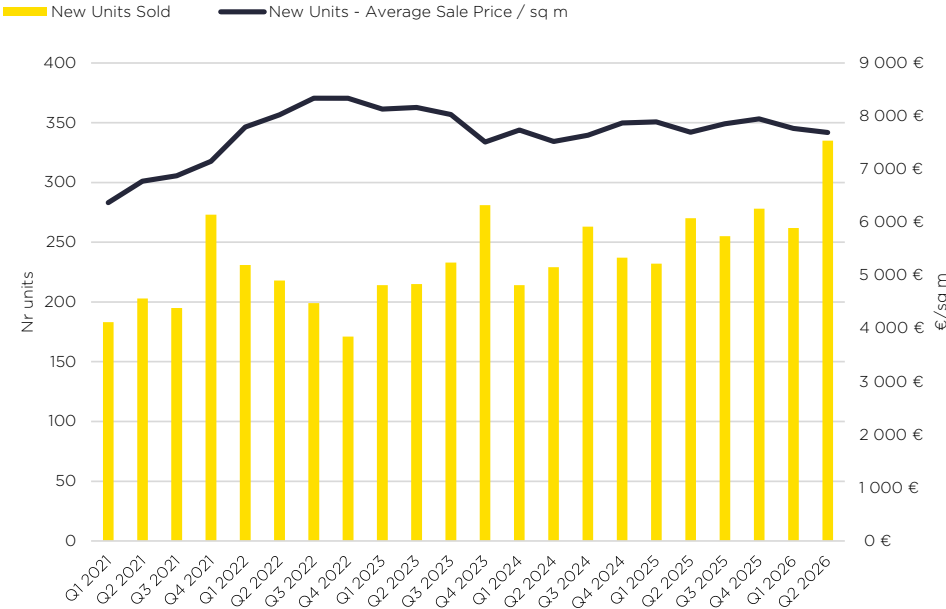
Record absorption at a stable price point

New-build sales in Lisbon's high-end market reached 335 units in Q2 2026, the highest quarterly total on record - 24% above Q2 2025 and 46% above the 2021 - 2025 quarterly average. Average sale prices held at €7,692/sq m, within a narrow €7,520-7,950 band since the start of 2024 and 7.7% below the Q4 2022 peak of €8,336/sq m.

The segment is clearing record volume without further price escalation.

Affordability pressure is now a question of level rather than direction. Prime values have stopped rising, but the shortage of intermediate product continues to push middle-income and younger buyers out of the established central neighbourhoods.

LISBON CITY - HIGH-END MARKET | NEW UNITS SOLD VS SALE AVERAGE PRICE



Source: Savills Research using SIR



Cascais: Record absorption, now led by second-hand stock

Cascais recorded 422 high-end sales in H1 2026, up 11.3% and the highest H1 on record.

The composition of that growth has inverted. New-build sales fell 26.1% to 116 units, while the used segment rose 37.8% to 306 units and accounts for all of the net growth in the market. New-build now represents 27.5% of transactions, down from 41.4% a year ago.

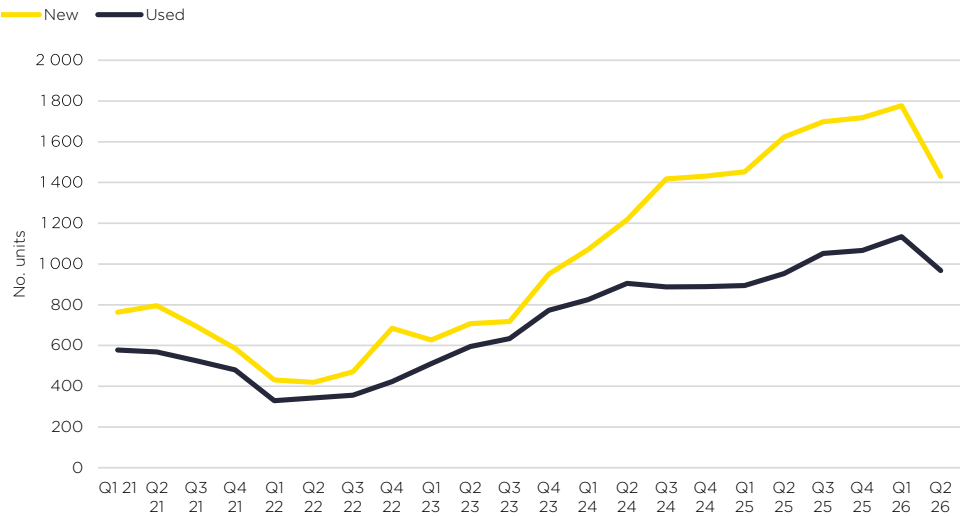
Available stock stood at 2,398 units in Q2 2026, 6.9% below Q2 2025 and 17.6% off the Q1 2026 high of 2,911 units. With sales rising and stock falling, absorption improved to 9.3% of available stock from 7.0% a year earlier, a third consecutive year of improvement, though still far below the 15.5% recorded in H1 2022.

Asking prices reflect that balance. Apartments have been flat for two years at €10,555/sq m and villas at €9,504/sq m, with neither series making a new high since

2024. The apartment premium over villas has consequently narrowed to 11.1%, from 19.2% at its Q2 2024 peak, as villa pricing has continued to grind upwards while apartment values have plateaued.

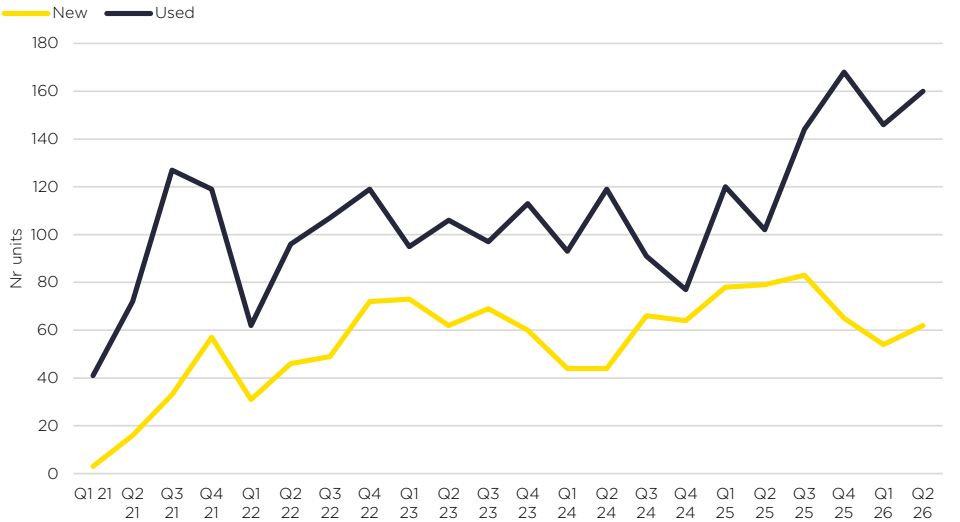


CASCAIS - HIGH-END MARKET | TOTAL SUPPLY VS TOTAL SALES



Source: Savills Research using SIR

CASCAIS - HIGH-END MARKET | TOTAL SALES



Source: Savills Research using SIR

TOTAL AVAILABLE SUPPLY

~2,400

+7% YOY

TOTAL SALES (Nº UNITS)

422

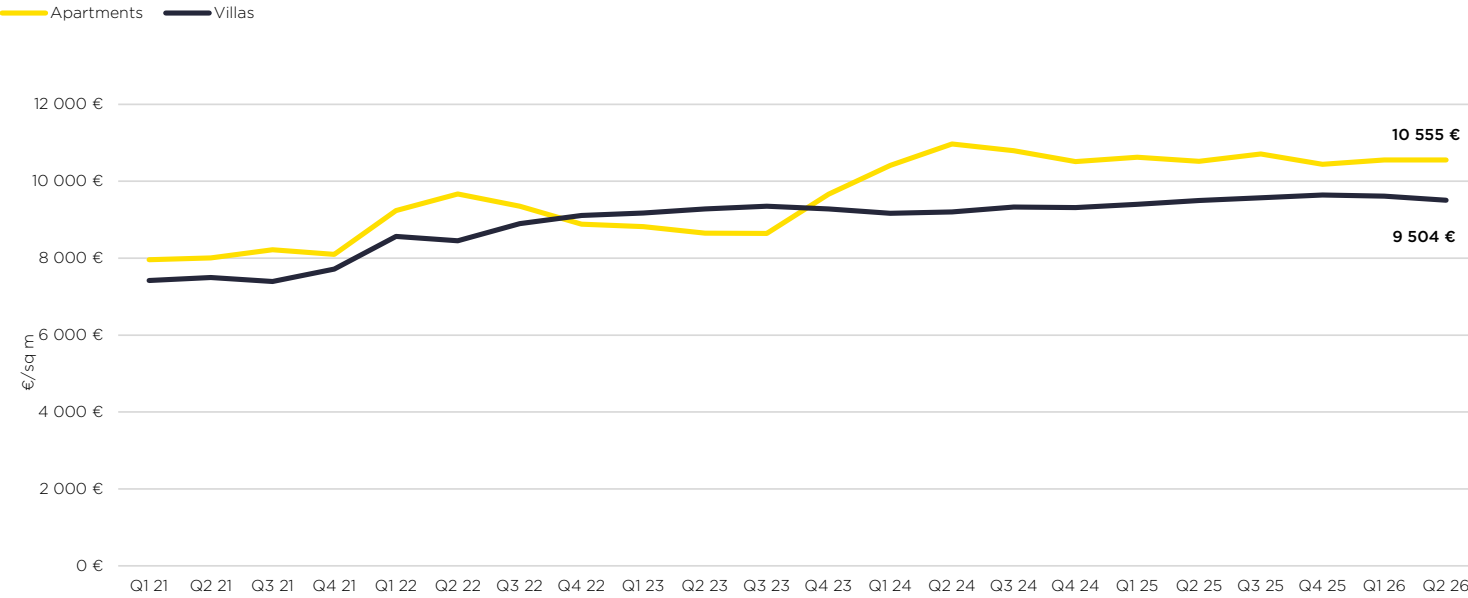
+11% YOY

ASKING PRICE NEW UNITS

€10,139

(€/SQ M)

CASCAIS - HIGH-END MARKET | AVERAGE ASKING PRICE - NEW UNITS



Source: Savills Research using SIR

Greater Porto: supply expands amid a more selective sales pace

Within the metropolitan area, Porto remains the largest supply pool at 9,600 units in Q2 2026, but it is the only one of the four to contract, down 4.9% year on year.

Did you know?

Vila Nova de Gaia has closed the gap. Supply there has grown 3.5 times since Q2 2021, from 1,974 to 6,889 units, narrowing Porto's lead. Matosinhos (3,073 units, +14.4%) and Maia (1,902 units, +44.9%) remain secondary pools but are the fastest growing of the four.

Demand has already rotated across the river. Gaia recorded 3,249 sales in H1 2026 against Porto's 2,669 - 22% ahead - consolidating a position as the volume leader of the metropolitan area that it has held in five of the past six years. Every municipality is nonetheless trading below last year, with Gaia (-13.1%) and Maia (-12.9%) falling furthest and Matosinhos (-7.2%) least.



TOTAL AVAILABLE SUPPLY

~26,000

+10% YOY

NEW UNITS SUPPLY

~ 17,500

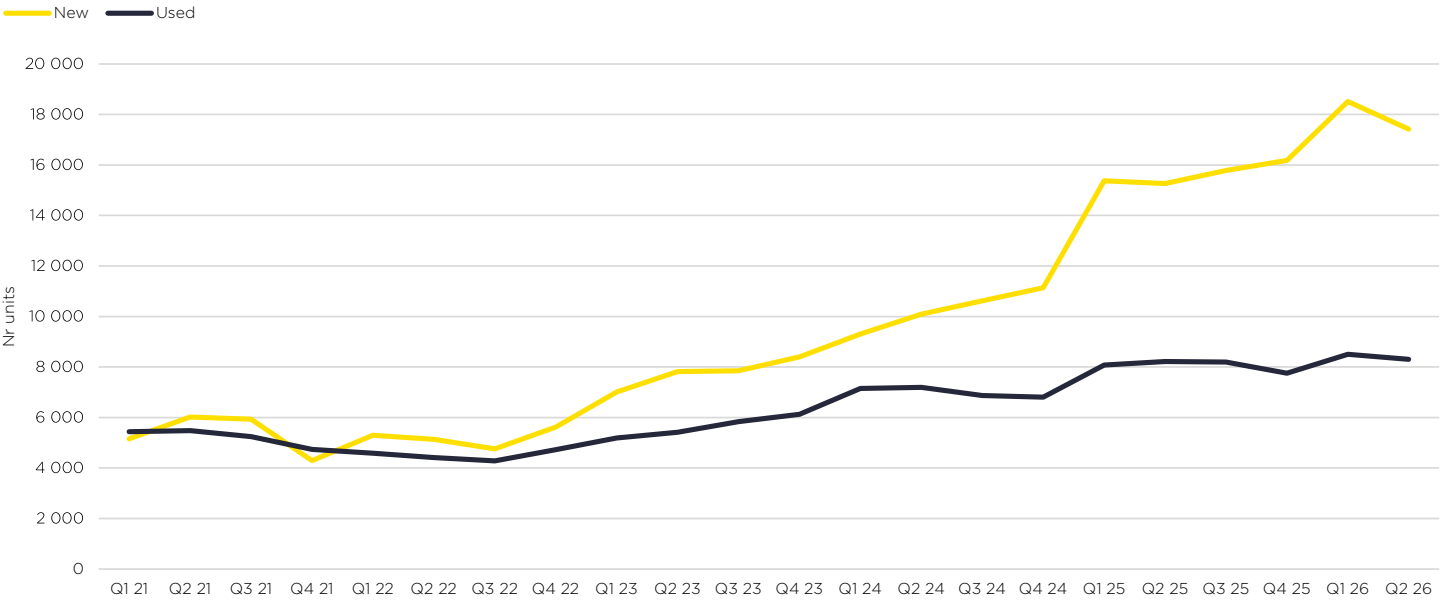
+14% YOY

TOTAL UNITS SOLD

~12,500

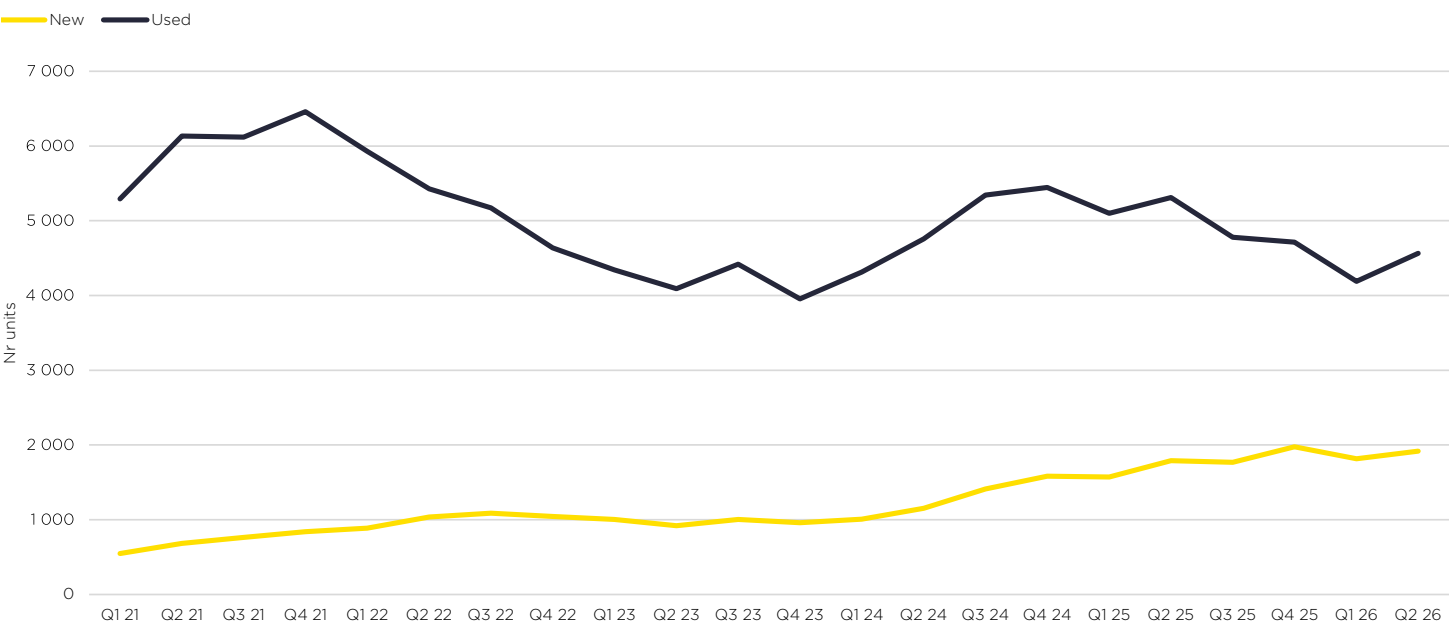
TOTAL UNITS: -9% YOY
NEW UNITS: +11% YOY

GREATER PORTO | TOTAL SUPPLY



Source: Savills Research using SIR

GREATER PORTO | TOTAL UNITS SOLD



Source: Savills Research using SIR



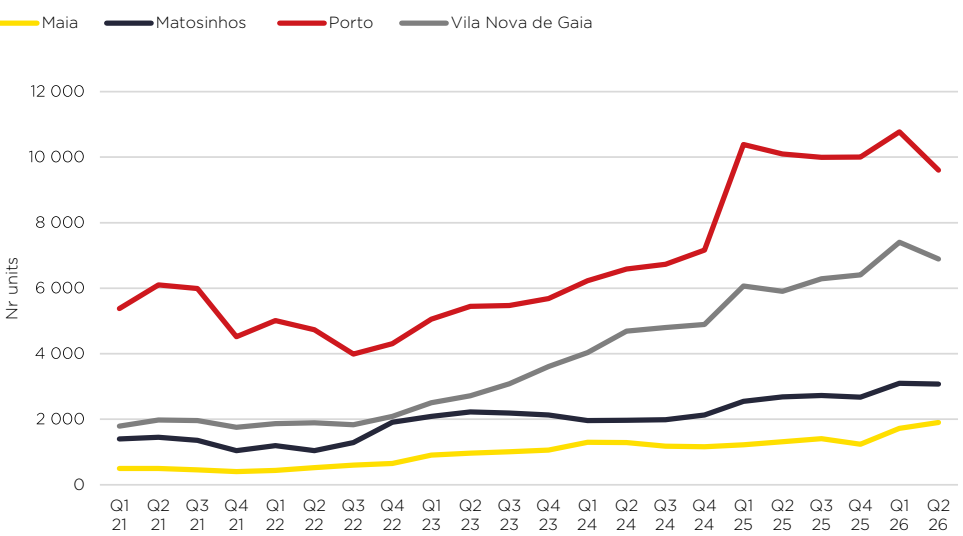
The Porto metropolitan area: Gaia closes the gap

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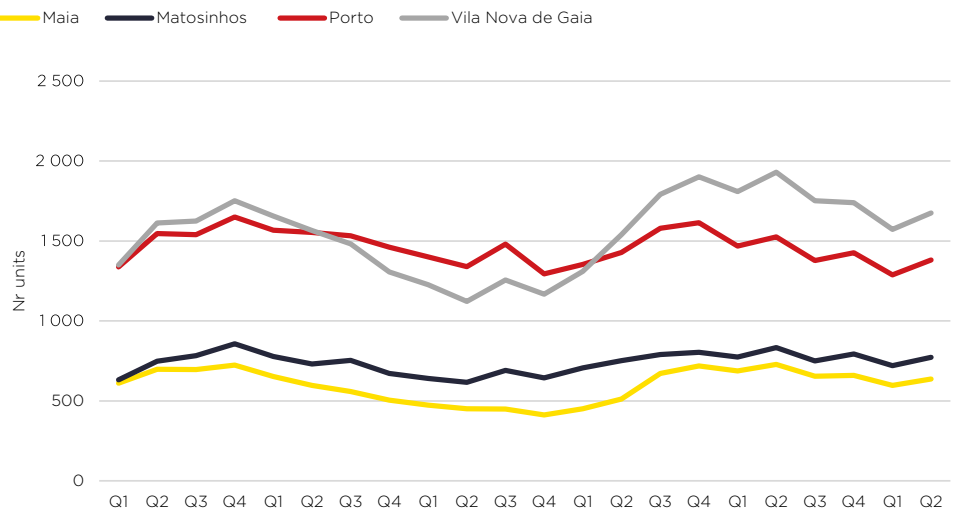
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PORTO MUNICIPALITY | TOTAL SUPPLY



Source: Savills Research using SIR

PORTO MUNICIPALITY | TOTAL SALES

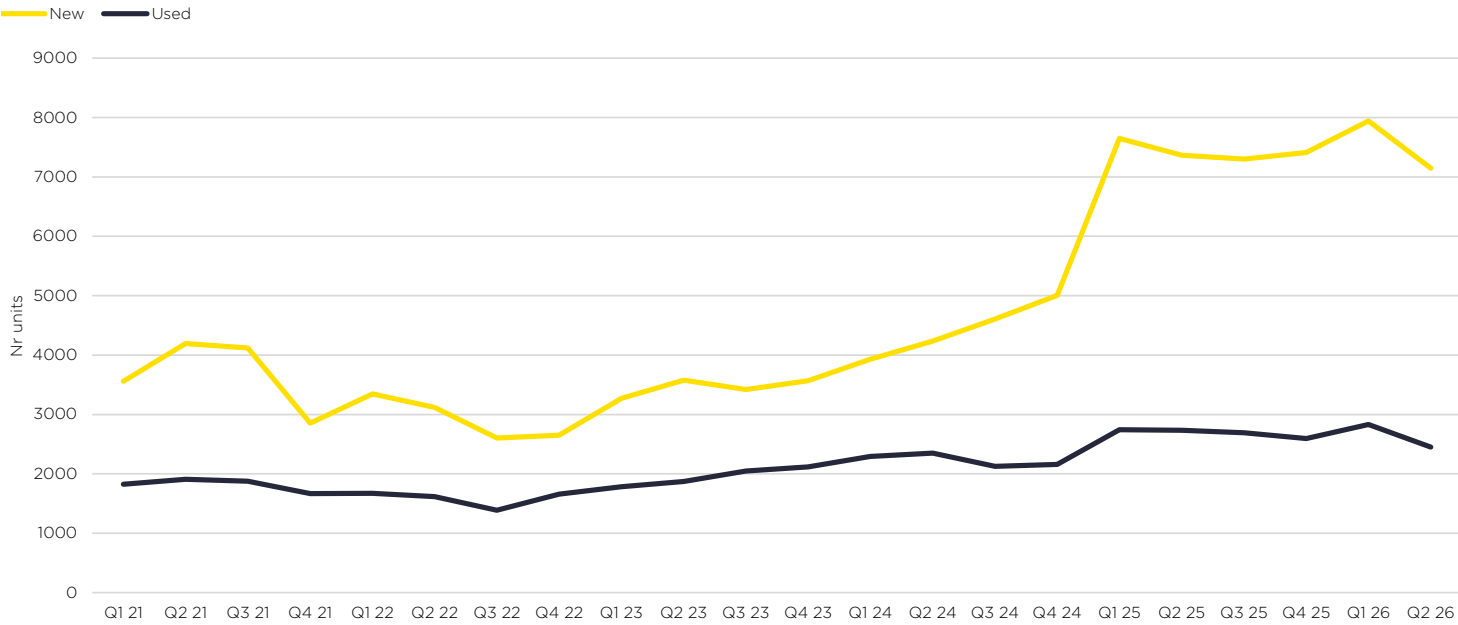


Source: Savills Research using SIR



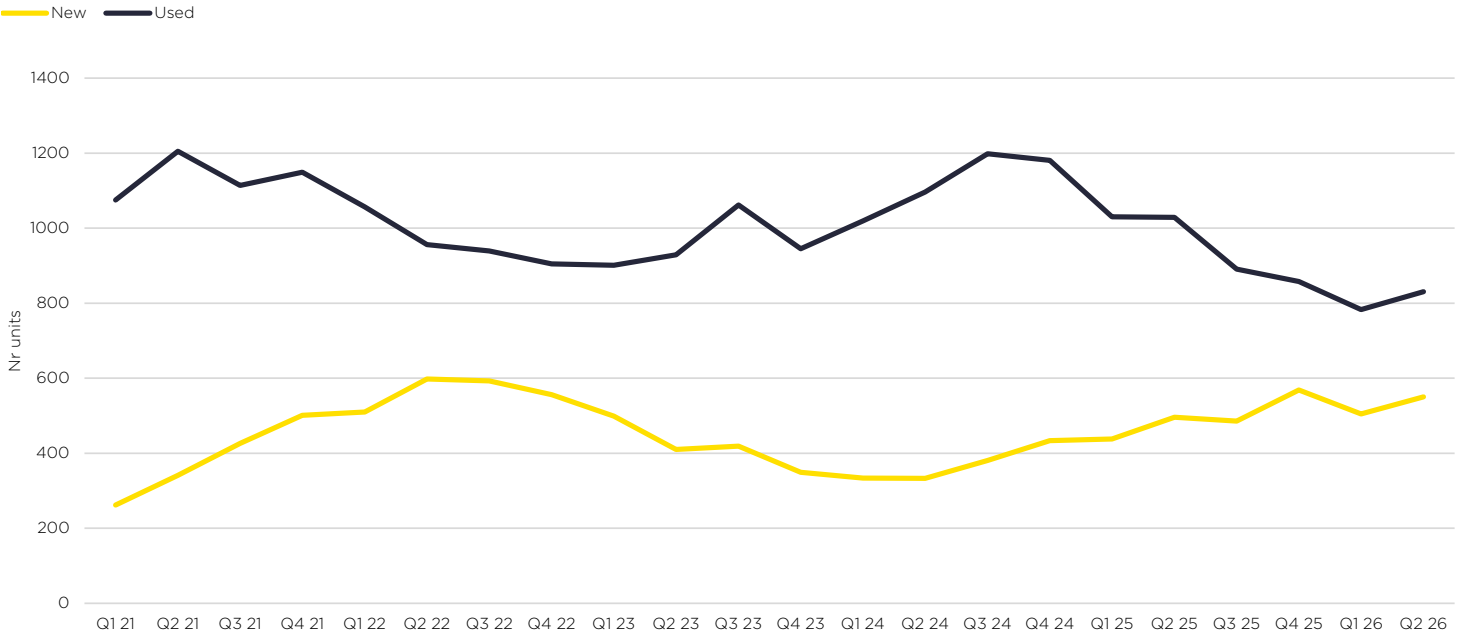


TOTAL SUPPLY - MAIN AMP MUNICIPALITIES | NUMBER OF UNITS



Source: Savills Research using SIR

TOTAL SALES - MAIN AMP MUNICIPALITIES | NUMBER OF UNITS SOLD



Source: Savills Research using SIR

Pricing: a widening gap between the cities

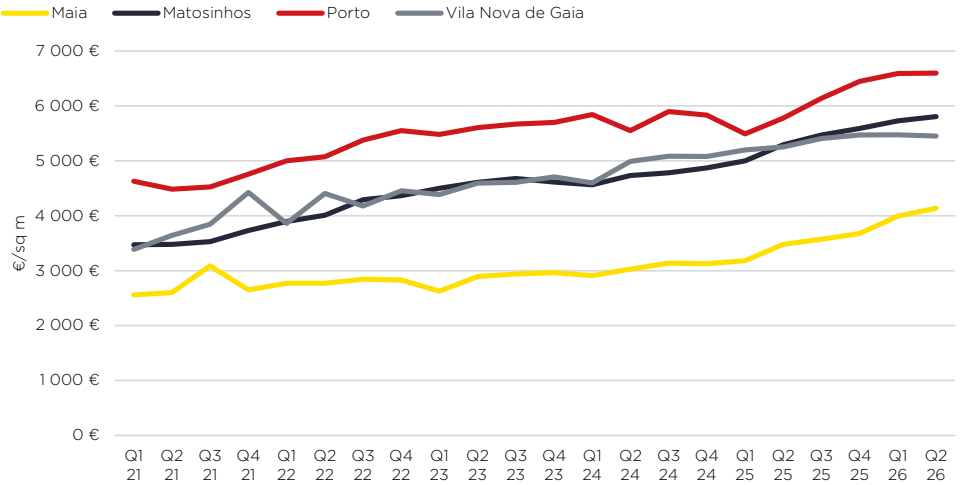
Asking prices have risen across all four municipalities, but the ranking differs by tier. In the top 25% of the market, Porto reached €6,597/sq m, with Matosinhos (€5,805/sq m) now ahead of Vila Nova de Gaia (€5,451/sq m) and Maia the entry point at €4,136/sq m.

The top 5% tells a different story. Porto asking prices reached €9,253/sq m, reinforcing the city's position as the prime luxury benchmark of the north, but that figure has not moved for three quarters while the city's 25% tier rose 14.2% year on year. Vila Nova de Gaia, at €7,590/sq m, remains marginally ahead of Matosinhos (€7,449/sq m) - but is still 11.8% below its own Q4 2021 peak of €8,606/sq m, when Gaia's waterfront pipeline briefly priced above Porto city.

Did you know?

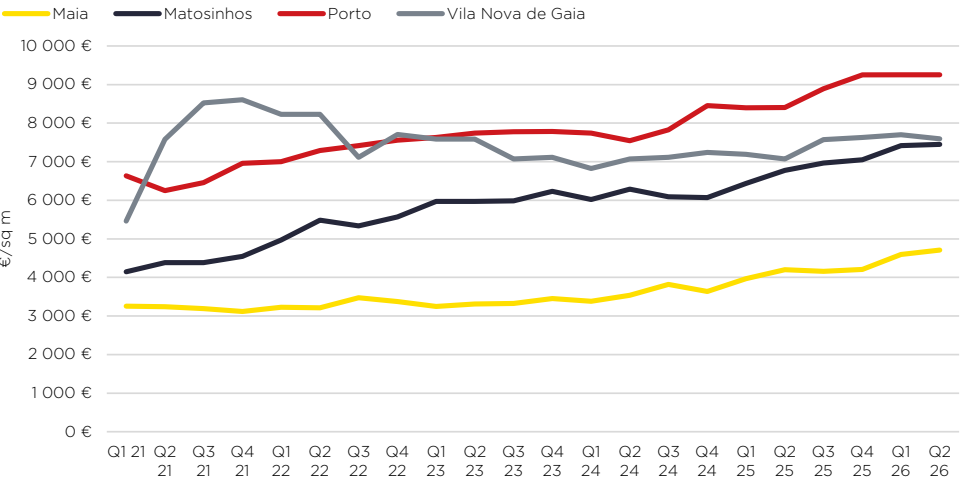
In Porto, the most expensive homes ask around 40% more than the rest of the upper market, and that gap has held steady throughout the period. In Matosinhos it has widened, from 19% to 28%, as genuine luxury product entered a market that had little. In Gaia and Maia it has narrowed.

ASKING PRICE - NEW UNITS | 25% MOST EXPENSIVE UNITS



Source: Savills Research using SIR

ASKING PRICE - NEW UNITS | 5% MOST EXPENSIVE UNITS



Source: Savills Research using SIR



Porto City: Supply stabilises as sales adjust more quickly

Available stock in Porto city fell 4.9% year on year to 9,600 units in Q2 2026, and sits 10.9% below the Q1 2026 reading.

TOTAL STOCK
~9,600
-4.9% YOY

New-build now accounts for 74.5% of the pool, against 68.7% in Q2 2021, so what is contracting is a market that is by now overwhelmingly composed of new product.

Sales fell 10.8% to 2,669 units in H1 2026, the weakest H1 of the six-year series. The decline is entirely a second-hand phenomenon: new-build transactions rose 13.0% to 1,055 units and now represent 39.5% of sales, from 31.2% a year ago, while the used segment contracted 21.6% to 1,614 units.

Parish detail

Lordelo do Ouro and Massarelos added 93% year on year, against 12% in Campanhã and 10% in Centro Histórico.

Centro Histórico remains both the largest supply pool, at 23% of the municipal total, and the largest market, at 25% of sales. The strongest performers, Paranhos and Centro Histórico, were each up 1% year on year, which confirms a city-wide slowdown.



Parish pricing: the prime benchmark shifts from the historic centre to Foz

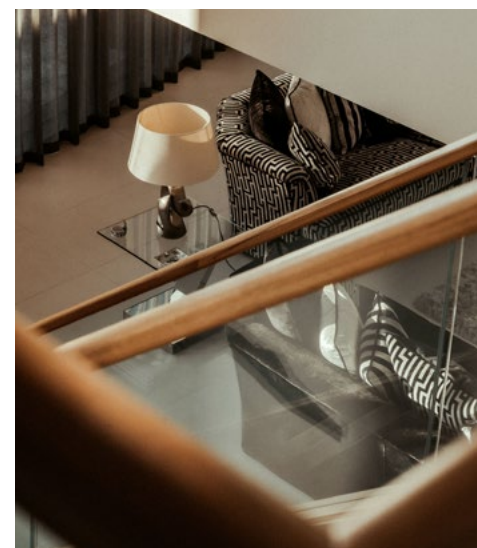
Read on the top quartile, the prime benchmark has changed hands. Centro Histórico led the market in Q1 2021 at €5,435/sq m; Foz now asks €9,696/sq m against Centro Histórico's €6,999/sq m, having risen 84.7% against 28.8% over the same period;

Four of the seven parishes set a new series high in Q2 2026 - Foz (€9,696/sq m), Centro Histórico (€6,999/sq m), Paranhos (€5,795/sq m) and Campanhã (€4,974/sq m) - so the prime tier is still making ground even as volumes fall;

The strongest prime movement is at the affordable end. Paranhos rose 36.2% year on year and 18.1% in the quarter alone, to within €21/sq m of Ramalde (+22.3%) - the two cheapest parishes of 2021 are now the fastest-moving markets in the city;

Did you know?

The gap between the most and least expensive parish in the top quartile has more than doubled, from €2,317/sq m to €4,722/sq m.



Rental markets: Recovering volume from different structures

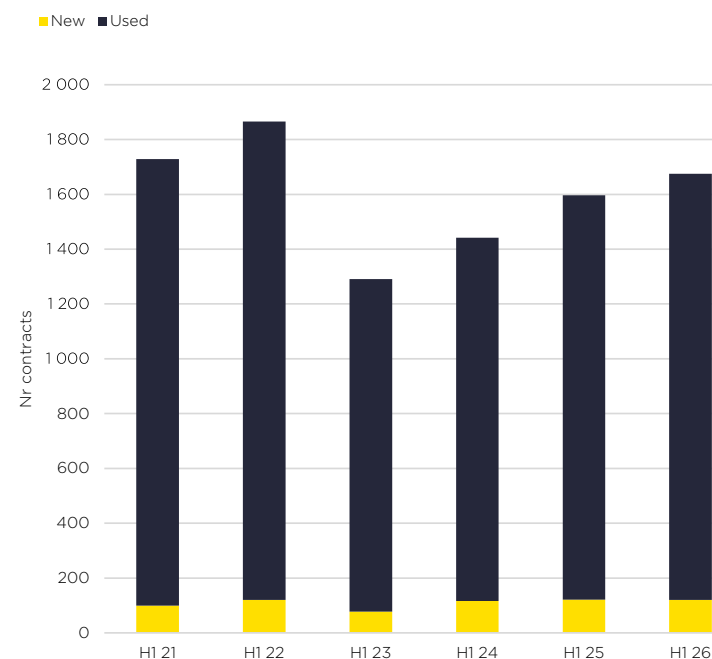
Lisbon City

Closed rental contracts reached 1,675 in H1 2026, a third consecutive year of growth since the 2023 trough of 1,291, but still 10% below the H1 2022 peak. New stock accounts for only 7% of closed contracts - a share that has barely moved in five years. Lisbon's rental market is transacted almost entirely in existing product.

Average closed rents for new units stand at €26.0/sq m, having resumed their upward path in Q1 2026 after two years of plateau in the €23-25 range. Used stock has followed a flatter path at €19.0/sq m, broadly stable since late 2023. The new-build premium has consequently widened to 37%, from 29% in 2021 - a reflection of both product quality and the scarcity of recently delivered rental supply.

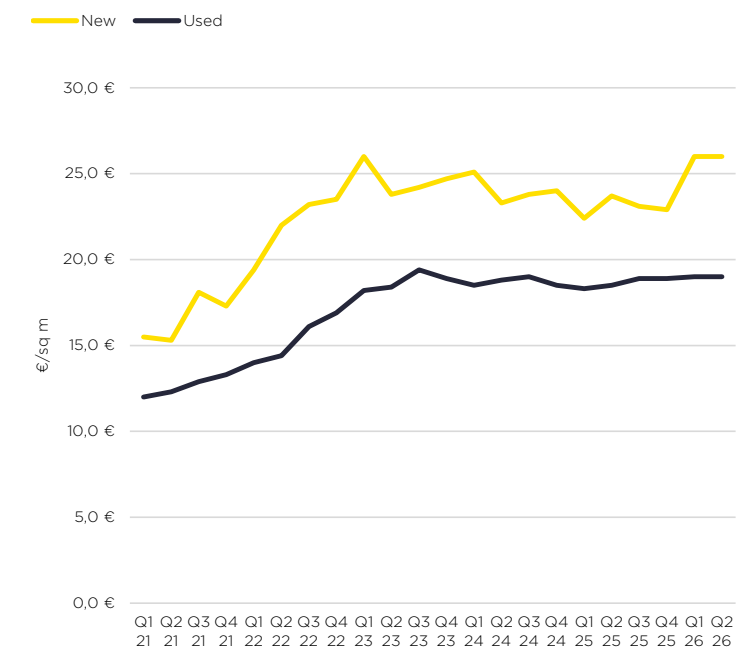
1,675
CLOSED RENTAL
CONTRACTS
(H1 2026)

CLOSED CONTRACTS IN LISBON CITY



Source: Savills Research using SIR

AVERAGE CLOSED PRICE IN LISBON CITY



Source: Savills Research using SIR



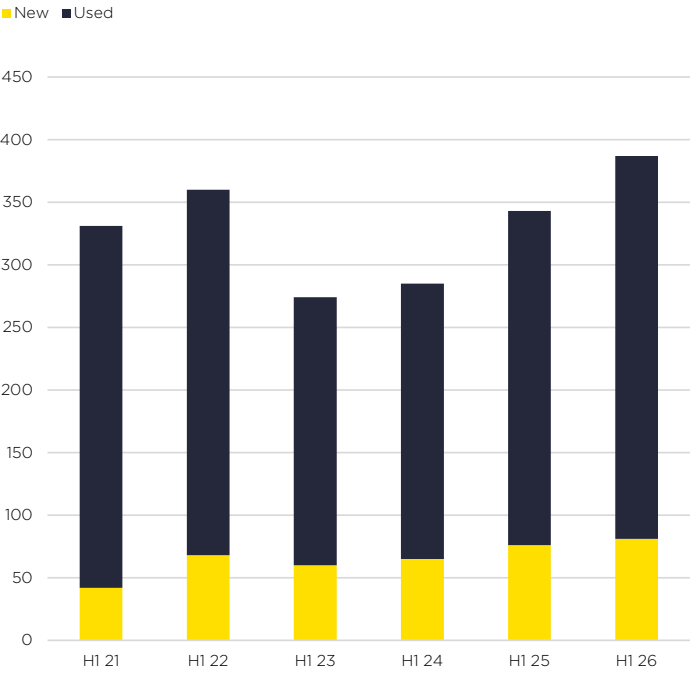
Porto City

Porto's rental market reached 387 closed contracts in H1 2026, the highest of the series and 8% above the previous H1 2022 peak. New stock represents 21% of closed contracts - three times the Lisbon share - and has held above 20% since 2023, reflecting a pipeline that has reached the rental market rather than being absorbed entirely by owner-occupiers.

Pricing has not followed volume. Average closed rents for new units stand at €18.0/sq m, still 12% below the Q3 2023 peak of €20.5/sq m and on a markedly volatile path since. Used stock has proved steadier at €15.0/sq m. The new-build premium has narrowed to 20%, from a peak of 41% in Q3 2023, as new supply has been absorbed and pricing expectations have adjusted.

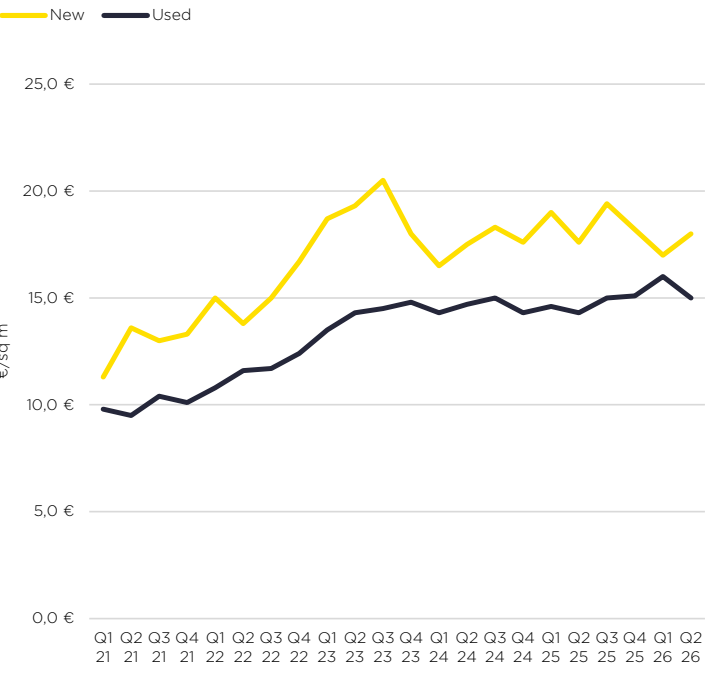
387
CLOSED RENTAL
CONTRACTS
(H1 2026)

CLOSED CONTRACTS IN LISBON CITY



Source: Savills Research using SIR

AVERAGE CLOSED PRICE IN LISBON CITY



Source: Savills Research using SIR

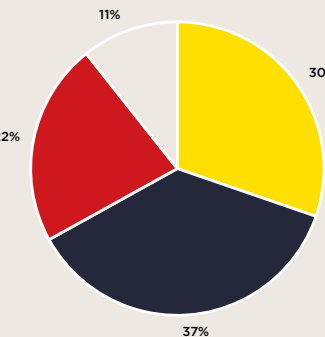
Supply composition

The typology split is the sharpest structural difference between the two markets. Porto's rental supply is heavily concentrated in compact units: T1 or smaller accounts for 47% of listings and T2 a further 30%, together 77% of the market, against just 6% for T4 or larger. Lisbon is more balanced, with T2 at 37% and T1 or smaller at 30%, and carries a materially deeper large-unit segment at 11%.



DISTRIBUTION OF SUPPLY BY TYPOLOGY | LISBON CITY | H1 2026

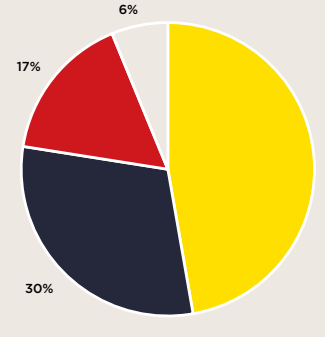
Apt. T1 or Inf. Apt. T2 Apt. T3 Apt. T4 or Sup.



Source: Savills Research using SIR

DISTRIBUTION OF SUPPLY BY TYPOLOGY | PORTO CITY | H1 2026

Apt. T1 or Inf. Apt. T2 Apt. T3 Apt. T4 or Sup.



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