

# Central Algarve residential market insight

## 2023

### KEY FINDINGS



Prime prices across the Central Algarve region increased 61% in the decade to 2022



Residential sales increased 21% in the year to Q2 2022 across the Central Algarve region



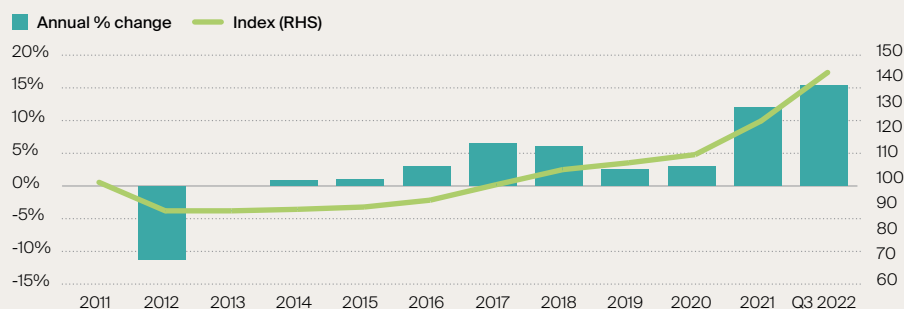
Since the introduction of the Golden Visa in 2012, over €5.9bn has been invested into Portuguese real estate via the initiative



The exclusive enclave of Quinta do Lago commands the highest price per square metre in the region, averaging €14,000 per sq m

### Prime prices in the Central Algarve up 15% year-on-year

Indexed, 100 = 2011



Source: Knight Frank Research

### Sales increase 21% in year to Q2 2022

	PORTUGAL	LISBON	ALGARVE
Annual increase in residential sales	4.5%	2.8%	20.6%

Source: Knight Frank Research, Macrobond

**P** rime prices in the golden triangle of the Central Algarve, which stretches from Almancil at the top of Quinta do Lago and along the coast to Vilamoura, increased 15% in the 12 months to September 2022. Inventory levels have been depleted by strong sales activity during and since the pandemic.

The number of homes for sale is falling and construction rates are struggling to keep pace with demand. After reaching a high of 5,938 in 2005, residential completions have fallen 89% across the Algarve, totaling just 632 residential units in 2022, according to the Portuguese National Statistics Office. Tight planning rules, along with supply chain issues and labour shortages, have exacerbated the situation.

### Sales

Residential sales in the Central Algarve region remain robust. Transactions increased by 21% in the year to Q2 2022 according to the Portuguese National Statistics Office. As travel restrictions eased, the region saw overseas demand strengthen as buyers, many of which were cash purchasers, targeted lifestyle locations.

The Central Algarve's accessibility is a key draw for buyers from northern Europe and further afield from South Africa, the US, Brazil and China. Nearby Faro Airport offers direct flights to/from some 76 locations worldwide.

### Visas

Open to non-EU residents, in return for a property investment of at least €500,000 or a

capital investment, the Golden Visa offers access to the Schengen zone and eligibility for citizenship after five years. Since the initiative's introduction in 2012, over €5.9bn has been invested into Portuguese real estate, accounting for over 90% of the total investment through the scheme. Although the Algarve's coastal regions are excluded from the initiative, some inland zones do qualify.

### Non-Habitual Residents

The Non-Habitual Residents (NHR) tax, introduced in 2009, allows qualifying foreign residents to take advantage of significant tax savings. Successful applicants benefit from a special personal income tax treatment over a 10-year period, including a 20% flat rate of income tax and exemptions for some private sector pensions. With over 10,000 Non-Habitual Residents in Portugal, the scheme has been highly successful.

### Expat life

Whilst second home purchases dominate sales activity, permanent residents account for around 37% of Knight Frank's enquiries. Notable international schools, such as Nobel Algarve British International School and Vilamoura International School, are seeing registrations increase. The rise of hybrid working, in part due to the pandemic, is allowing more foreign nationals to relocate for longer periods.

## NEED TO KNOW



**Taxes:** Portugal has no inheritance tax, wealth tax or gift tax and offers an attractive Non-Habitual Residency initiative for foreign residents.

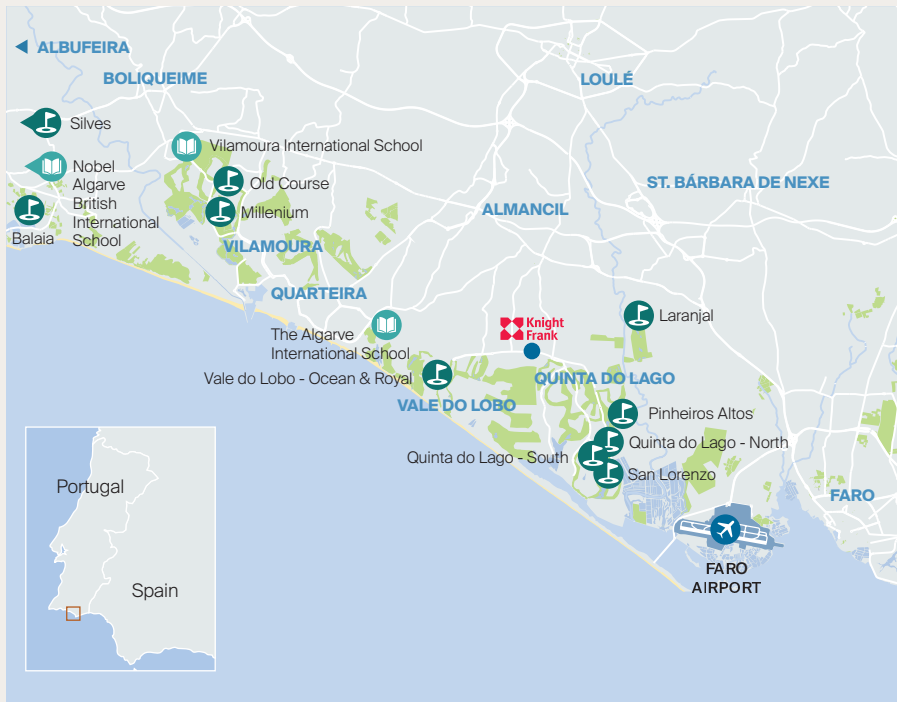


**Accessibility:** Passenger arrivals at Faro Airport were down only 11% in the first nine months of 2022 compared to the same period in 2019 (pre-pandemic).



**Construction:** A lack of stock is cushioning prices. In Q1 2022, building completions sat 89% below their peak in 2005.

### Central Algarve at a glance



### The number of square metres of prime property €1m buys in key neighbourhoods

Quinta do Lago **71**

Vale do Lobo **91**

Dunas Douradas **92**

Vale Formoso **133**

Vilas Alvas **134**

Quinta Verde **143**

Varandas do Lago **298**

Source: Knight Frank Research, Mapro Real Estate

## VISA OPTIONS

### What is the Golden Visa?

Portugal's Golden Visa program is a residency by investment scheme designed for non-EU citizens. Aiming to attract international capital into the country, the program offers permanent residency after five years.

### What is the D7 Visa?

The D7 Visa, also known as the Portugal Passive Income Visa, is designed to welcome non-EU citizens who want to relocate to Portugal, with the use of their own funding.

## Please get in touch with us

If you are looking to buy, sell or would just like some property advice, we would love to hear from you.



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