Coates Global
WORLD WITHOUT BORDERS

PORTUGAL PROPERTY MARKET REPORT

2017

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This report has been produced to provide insight into how the real estate market is currently performing in 2017, as well as the property market outlook for the near future. It is aimed particularly at Portugal golden visa applicants, to help them come to a decision regarding their property investment. However, this report can be used generally by any would-be real estate investor.

CONTENT

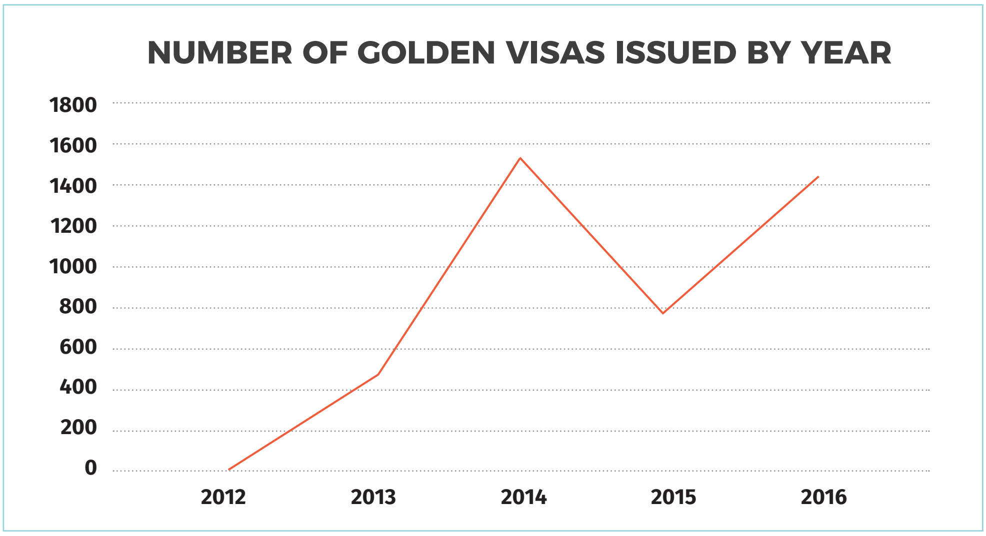
1 – EXECUTIVE SUMMARY

- Portugal's economy has officially been given a clean bill of health in 2017 following its bailout in 2011
- The latest House Price Index figures released by Portugal's National Statistics Institute shows property price increases are at a post-recession high (7.9% year-on-year)
- Portuguese property price growth remains consistently well above EU average despite the uncertainty of Brexit and other economic factors causing a volatile Euro currency
- Current predictions forecast that house prices will have increased by around 40% in the five-year period to 2020, with the fastest price increased being observed in the Algarve
- Portugal's rental market has undergone a recent significant change due to the demise in historic rent control measures – measures which experts say have saved the rental market
- Prices per square metre are highest in Lisbon where prime city centre property can sell for over €8,000 per square metre
- A continued housing supply shortage most notably in the Algarve is causing prices to accelerate quickly, but the problem is least severe in the Porto region
- A recent boost in tourism figures particularly in the Algarve makes a buy-to-let investment ideal for beachside villa properties

2 – GOLDEN VISA

INVESTMENT BACKGROUND

Portugal's Golden Residence Permit programme offers a simple, flexible and fast-track route for investors to gain residency. It is the world's most popular golden visa; 1,414 visas were issued in 2016 alone. Note that the programme was temporarily closed in 2015, causing a decrease in the number of golden visas issued.



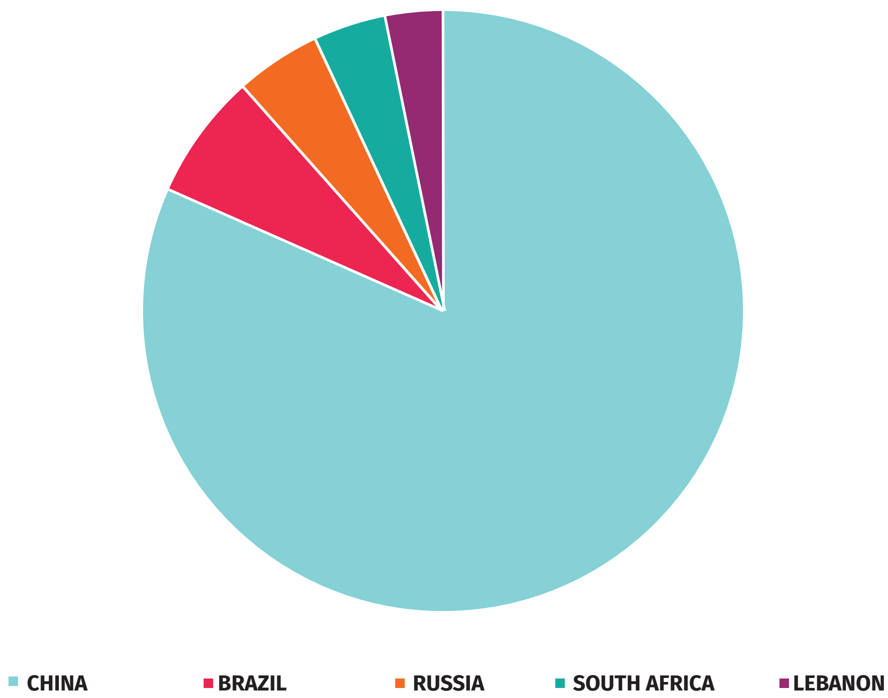
Applicants and their families may apply for permanent residency after just five years, and citizenship after six. Obtaining a Portugal golden visa allows investors to:

- Live and work freely in Portugal
- Bring their spouse, children and any dependants with them with no additional investment
- requirement by applying for "family reunion"
- Travel without a visa across most of Europe (Schengen area) including Germany, France, Italy and Switzerland
- Access public services including the National Health Service, schools and universities
- Receive permanent residency after five years, and Portuguese citizenship (and a passport) after six years – also effectively granting the applicant EU citizenship
- Receive foreign income from employment or self-employment without double taxation

✓ *Between January and July 2017 1,041 golden visas were issued, which equates to an investment of over €650 million.*

✓ *The programme is most popular with Chinese investors but is open to applicants from any nation who can fulfil the criteria*

GOLDEN VISAS ISSUED BY NATIONALITY



Whilst an investment in real estate isn't compulsory for citizenship (applicants can also choose to invest in capital and employment creation), 94% of golden visas issued by the Portuguese government in 2016 were granted based upon property investments. This investment route is so popular because the real estate sector is considered a safe haven; the country's low supply and strong demand keeps prices high.

Any type of real estate may be purchased including family homes, holiday apartments, shops, offices, and farms. Depending on the qualifying category, investment of at least €500,000 is usually required. What's more, applicants may freely rent out their property for residential or commercial purposes, paying a flat tax rate of 28% on any rental income. This is the main draw of Portugal's golden visa programme when compared with other European golden visa programmes.

***Coates Global** has helped dozens of clients obtain golden visas through way of purchasing real estate. Our team of dedicated experts in the Lisbon offi ce can help you through the buying process – from arranging viewings to managing the property on your behalf once acquired.*

3 – PROPERTY MARKET

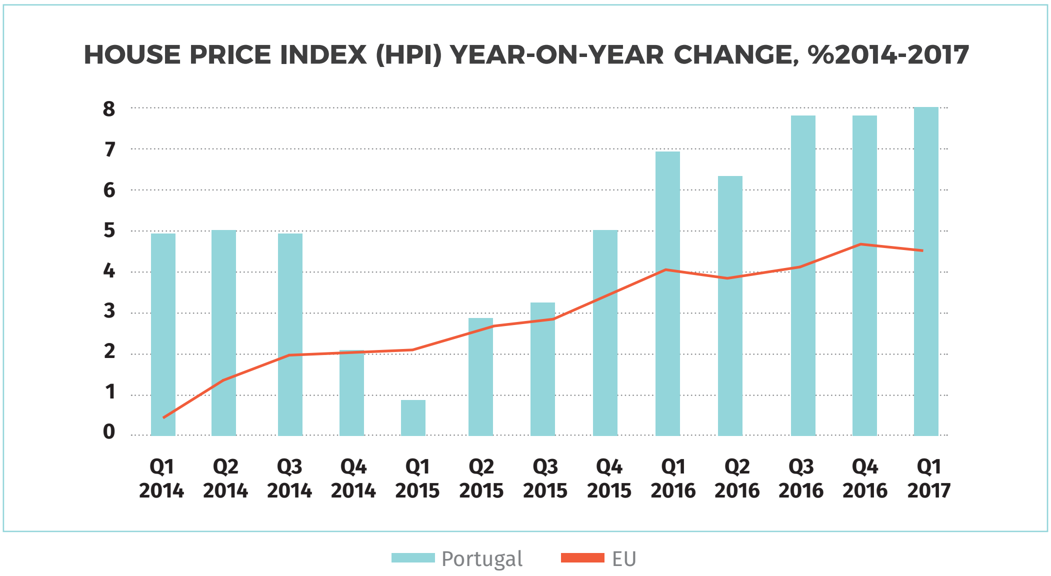
OUTLOOK & ECONOMIC INDICATORS

KEY FINDINGS

- Portugal's economy officially received a clean bill of fiscal health in 2017
- House price growth continues to outperform the EU average with a year-on-year house price growth of 7.9% as of Q1 2017
- House Price Index projections indicate a potential 40% increase in property prices between 2015 and 2020
- An ongoing housing shortage is causing continuous price increases in the property market
- The end of historic rent control measures is shaking up the rental market and causing significant yield increases

PROPERTY PRICES

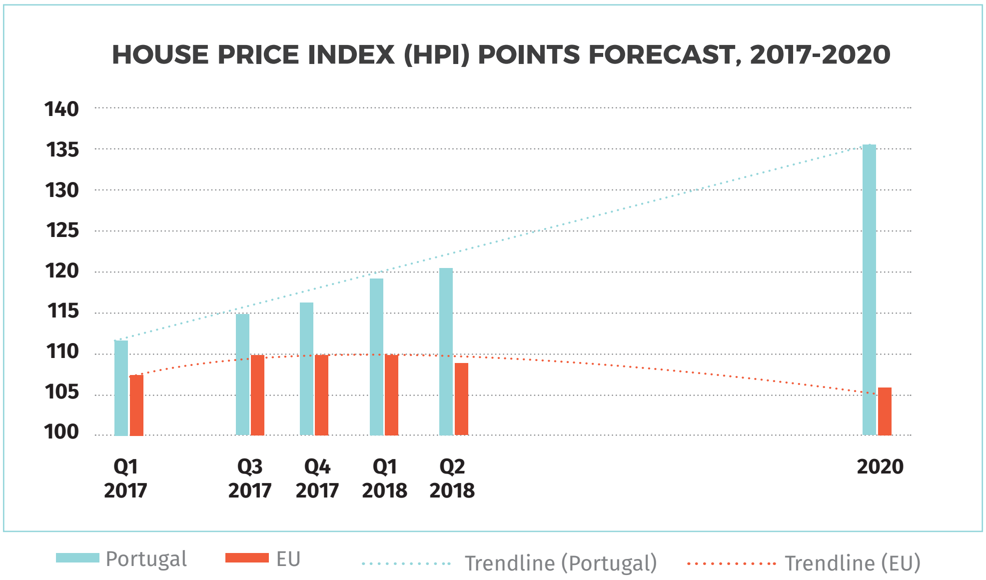
House Price Index data provided by Instituto Nacional de Estatística (INE), which is Portugal's National Statistics Institute, shows that the country's house price growth has been consistently above the EU average for the past three years.



The House Price Index, or HPI, is a measure of the average market household prices based upon actual sales and mortgage figures, including both existing properties and new-builds.

If we take into account solely existing dwellings the figures are even more impressive, with Q1 2017 reaching a year-on-year HPI increase of 9.2% - the highest increase on record since Eurostat began reporting HPI statistics at the beginning of 2009. This indicates that not only is Portugal's real estate market in a period of stable and continued growth, but the rate of growth is accelerating.

Housing Index forecasts predicted by Trading Economics, a prominent economic analyst and market intelligence company, indicate that Portugal's HPI will continue to increase well above European averages year-on-year until at least 2020.



Portugal's actual HPI for Q1 2017 was 111.89 points and this is projected to rise to 115 by the end of Q3 2017 , representing an increase of 2.8% in just six months. It also predicts that the overall EU housing price outlook will begin to slump from 2018 onwards. By 2020, Portugal's House Price Index is forecast to reach 136 points; this compares to an index of just 96.94 points in Q1 2015. This means that for golden visa investors who purchased their property in Q1 2015, after the five-year qualifying period the value of their property has, on average, increased by a considerable 40%.

To put this percentage in context – a property purchased for €500,000 at the beginning of 2015 could yield a gross profit of €200,000 in 2020.

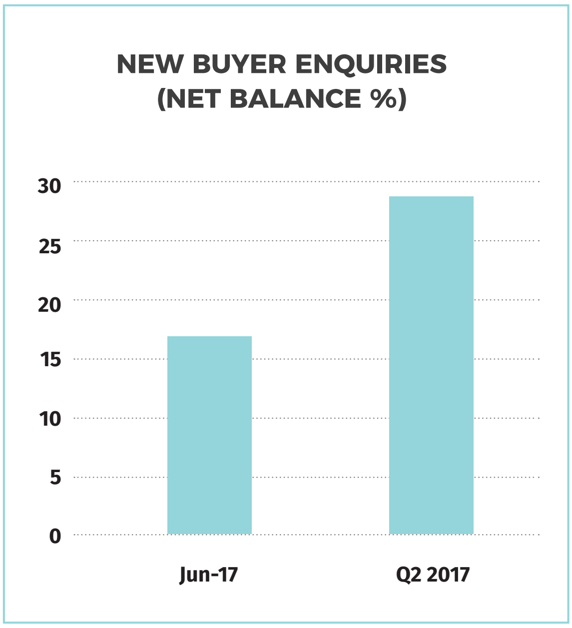
And because the rate of housing price growth continues to accelerate, new golden visa investors in 2017 could stand to make an even larger profit in five years' time. At this rate of growth, house prices could double or increase even more within a decade.

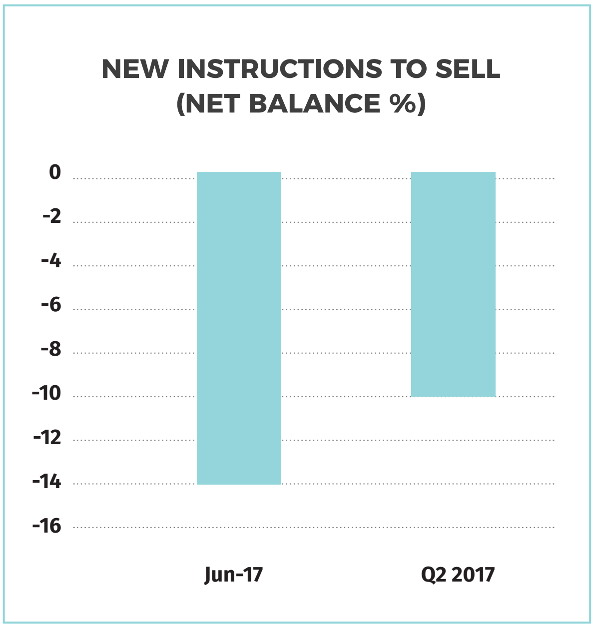
ONGOING HOUSING SHORTAGE

Data from the June 2017 RICS/Ci Portuguese Housing Market Survey suggests that whilst new buyer enquiries have risen, new instructions to sell have declined nationally – and have done so consistently since April 2017. This is resulting in a profound supply shortage in the housing market which is reflected in sharp price increases across Portugal.

Through an assessment of around 100 sales and lettings agents in Portugal, a net balance of 17% of respondents had seen new buyer enquiries increase in June 2017 – compared with almost 30% when taking into account the three-month moving average (i.e. April to June 2017).

[1] According to TradingEconomics.com predictions made on July 17, 2017
[2] The RICS/Ci use 'net balance' to measure responses to their questions. This is calculated as the proportion of agents who recorded a rise versus those who had recorded a decline within a particular category. For example, if 40% of agents saw an increase in prices and 10% saw a price reduction (and around half saw no difference), the net balance would be 30%.





However, the net balance of new instructions to sell stands at -14% nationally, indicating that sales agents are generally observing fewer properties entering the market. This creates a significant net balance between supply and demand of 31%.

The cause of this housing shortage can be attributed to a number of reasons. Firstly, significant legislative changes to the rental market are encouraging Portuguese nationals to consider buying property for the first time. As rent control is now effectively abolished, causing rents in some areas of Lisbon to increase more than fivefold, some would-be tenants are choosing instead to purchase property together.

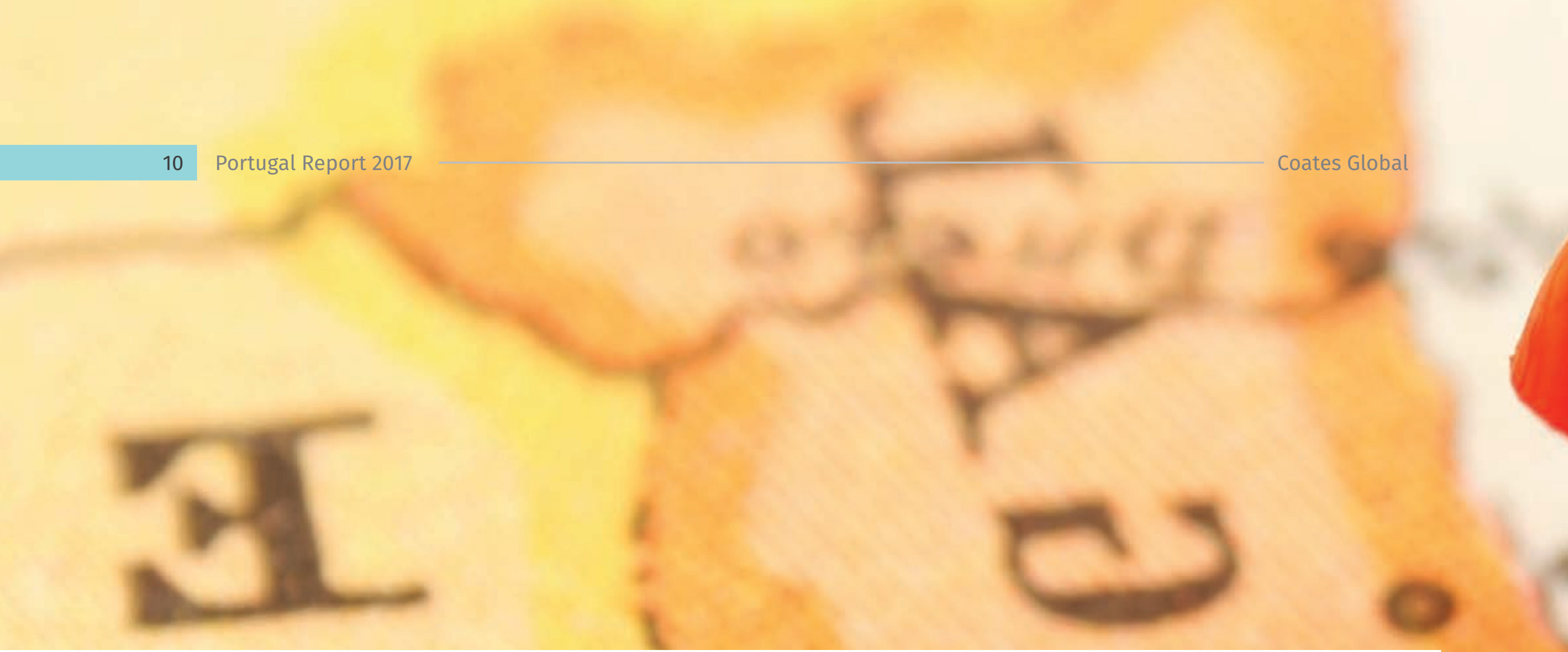
Mortgage interest rates in 2017 are at an historic low, allowing nationals to take advantage of fixed rates as low as 1.9% available for the first seven years.

Furthermore, a lack of social housing in Portugal means that private landlords do not have to compete with subsidised public housing. Just 2% of the current housing stock is considered social housing, according to the Environment Minister Matos Fernandes.

Secondly, the popularity of Portugal's property as an investment by foreign buyers is depleting the available stock of real estate on the market. As predominantly first-time buyers to the Portuguese real estate market, foreign buyers are purchasing one or multiple properties in sought-after regions. But where a domestic sale would typically result in the owner's previous property being placed into the market, there is no such replenishment from these overseas buyers. With no signs that foreign investment will be slowing down anytime soon, it indicates that house prices will continue to grow until at least 2020.

In addition to Portugal's golden visa programme attracting overseas investment into the real estate market, the Non-Habitual Residents Regime is also contributing to Portugal's housing supply shortage. This programme gives residency to individuals who have not resided in Portugal for the past five years, and also grants them a special taxation status for 10 years where income is taxed at a flat rate of 20%.

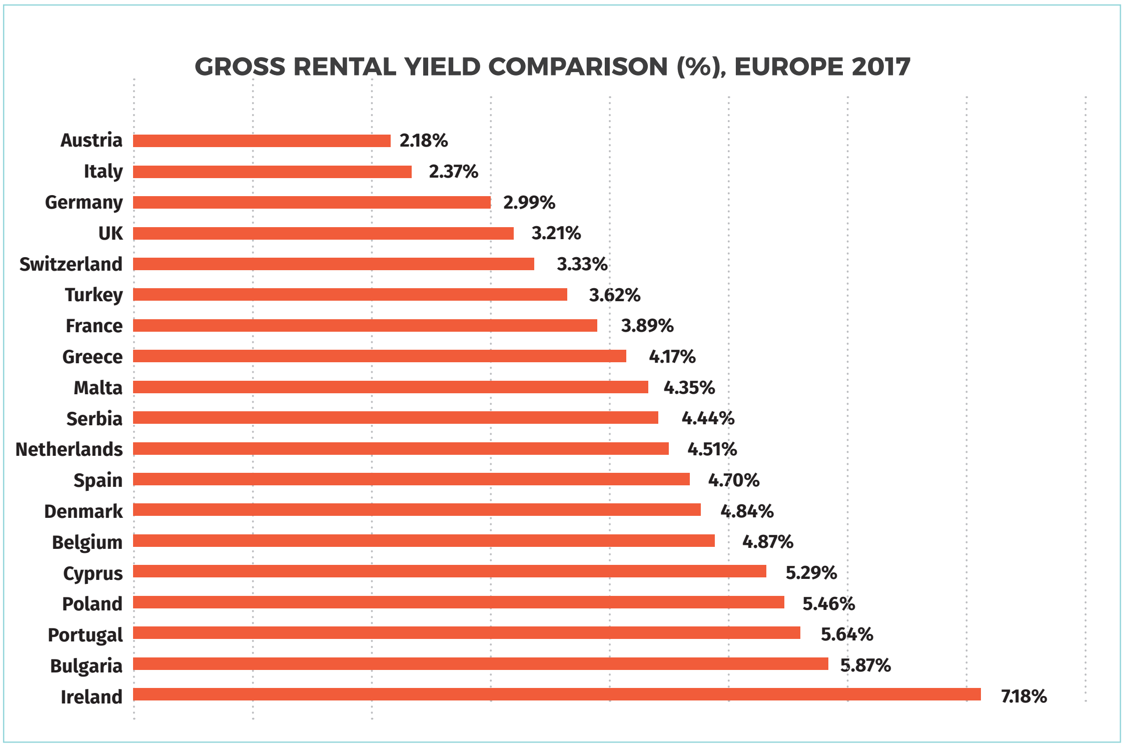
For high-earners, this tax break is incredibly lucrative and has been successful at attracting EU nationals as means of greatly reducing their tax bill from professional activities – particularly from France. This essentially removes a property from the housing market for at least a decade (for as long as the special tax status applies).



THE RENTAL MARKET

Depending on an investor's personal circumstances, their property may be permanently or periodically vacant. This is because the applicant is only required to reside in Portugal for a minimum of 14 days each year (and only seven days in the first year) to qualify for citizenship. Unlike some other European citizenship by investment programs, Portugal's golden visa rules allow applicants to rent out their investment property during the five-year qualifying period.

Legislative changes to Portugal's rental market paired with record tourism figures is driving significant increases within the rental market for both long-term and holiday rentals. Rental increases have raced ahead of property price increases in recent years. Gross rental yields in Portugal are now amongst the highest in Europe, currently at 5.64% - higher than other popular golden visa countries Cyprus (5.29%) and Malta (4.35%) .



[3] Data from Global Property Guide, September 2016

DEMISE OF RENT CONTROL

Until recently, strict rent controls had been in place for decades which prevented rents from increasing in line with market averages. Previous laws had allowed some families to remain in protected indefinite leases with fixed rents for generations – in some cases for 100 years or more. As a result, over 150,000 households in Portugal paid inflation-defying rents of less than €50 per month , even in prime real estate areas such as central Lisbon.

But in 2012 the Portuguese government passed the New Urban Lease regime, which effectively ended rent control. The law allowed landlords to terminate open-ended leases provided they gave their tenants at least two years' notice. It also set out a five-year transition period which permitted landlords to begin aligning rents toward the market rate. Once this transition period ends, landlords will be free to charge tenants as much as they see fit.

Governments had long since overlooked the issue of rent control for fear of angering the electorate and losing political support. However, rent control legislation was demanded as one of Portugal's conditions for receiving a bailout in 2011 following the global recession. Rent control was identified as a significant factor which had prevented economic growth for many years. Now, experts widely credit the New Urban Lease regime with rescuing Portugal's ailing real estate sector.

Portugal's rent reforms are encouraging landlords to invest in their properties. For years, low rental income meant that many landlords could not afford to make improvements to their ageing properties, and had no incentive to do so. A report from Portugal's National Statistics Institute in 2011 emphasised how damaging this had been for the country, stating that: "Lisbon can be used as a textbook case on how to destroy a city without bombing it".

But now that market rates are achievable, landlords can maximise rental yields by ensuring their properties are in a good state of repair. This is creating a much more competitive rental market for 2017 and beyond, and will ensure that rents continue to rise. In extreme cases, rents have increased more than eightfold since the law's introduction, although prices are still considered low for European standards.

RECORD TOURISM

Data from Portugal's Institute of National Statistics revealed that in 2016, more than 10 million tourists visited Portugal - its highest tourism figures ever. This represented an increase of almost 13% year-on-year. And so far in 2017, a report by the European Travel Commission stated that Portugal's tourism figures were up by a staggering 25% compared with the same period in 2016. Portugal saw an influx of tourists in 2016 for a number of reasons. Due to several other popular tourist destinations currently facing turmoil including Turkey, France and Egypt (e.g. military coup attempts, terrorism), Portugal has managed to attract some of these would-be holiday goers.

[4] According to Census 2011, Instituto Nacional de Estatística

4 – PROPERTY MARKET BY REGION

THE THREE MAIN REGIONS FOR THE REAL ESTATE MARKET IN PORTUGAL ARE THE LISBON METROPOLITAN AREA, THE ALGARVE, AND THE PORTO REGION IN THE NORTH.

Lisbon overview

• Housing prices increased by 35% over the four-year period to 2016
• Prime city centre real estate is just a quarter of the price of comparable property in London
• Confidence in the Lisbon market is high and price increases are widely expected to continue
• Many celebrities have been seen house hunting in Lisbon due to its reputation as the 'California of Europe'

> ***Many celebrities have been seen house hunting in Lisbon due to its reputation as the 'California of Europe'***

Algarve overview

• Property prices are growing the fastest in the Algarve with an 8.7% increase in the year to February 2017
• The Algarve is feeling the housing supply shortage the most with a 45% net balance disparity between supply and demand
• Whilst central Algarve prices range up to €8,000 per square metre, the same property in eastern Algarve can be bought for half the price
• A 20% surge in tourism in 2016 along with its luxury golf resorts ensure premium rental yields from holiday homes in the region

Porto overview

• A steady and continued increase in property prices – but not as large as Lisbon or the Algarve
• Porto housing prices are just 4% away from their pre-bailout peak
• The housing supply issue isn't as prominent in Porto which means that prices are not likely to increase as steeply for the next few years
• However, Porto is the strongest region for value for money and would be more suitable for lower-value or longer term investors

LISBON

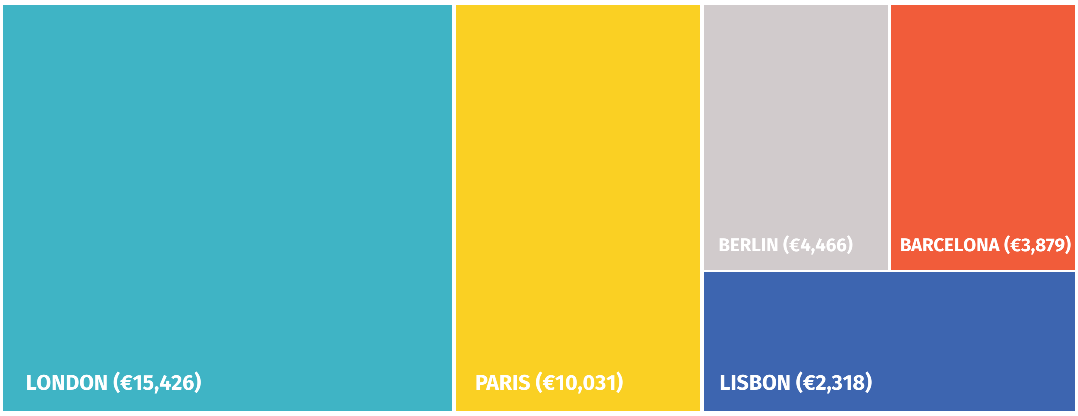
Between 2012 and 2016 house prices in Lisbon rose by 35%, according to Confidencial Imobiliario, a databank which collects statistical data on Portugal property transaction prices. In 2016, the average house price in Lisbon was €2,318 per square metre – though prime real estate in city centre locations such as Baixa is worth between €6,000 and €8,000 per square metre.

Property around Avenida Liberadade, which is where Cristiano Ronaldo owns property, is already exceeding €7,000 per square metre and is amongst the most lucrative city centre destinations. Lower priced regions in the city centre include Lapa, Chiado, Barrio Alto, and Santos.

Whilst this seems like a steep figure to pay for property, it still offers strong value for money compared with many other major European cities. As of 2016 prime real estate in London sells for up to €33,000 per square metre, and up to €25,000 in Paris.

Taking into account all types of property, Barcelona's per square metre property price in 2016 was €3,879 – 67% more than Lisbon property prices. So, it is clear that even with prices increasing by more than a third over the past four years, Lisbon property is significantly cheaper than most.

PRICE PER SQUARE METRE (€), 2017



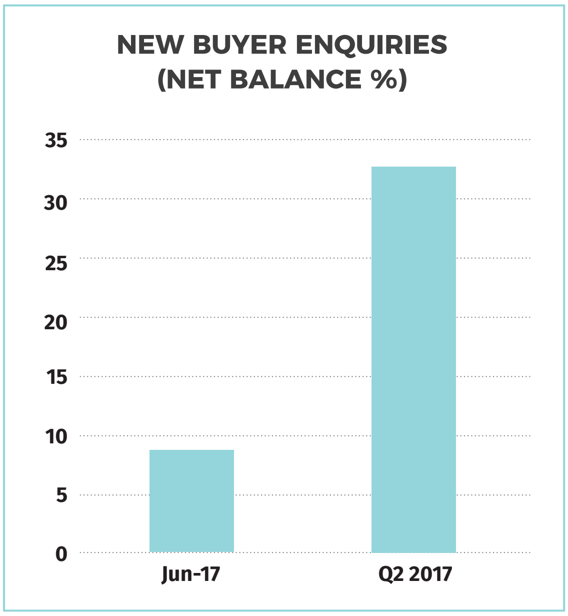
Whilst this is positive news for investors, it is pricing out many Portuguese nationals from the real estate market – which is, in turn, causing the rental market to explode. The average disposable income per household only rose 3.8% between 2012 and 2016, according to the National Statistics Institute.

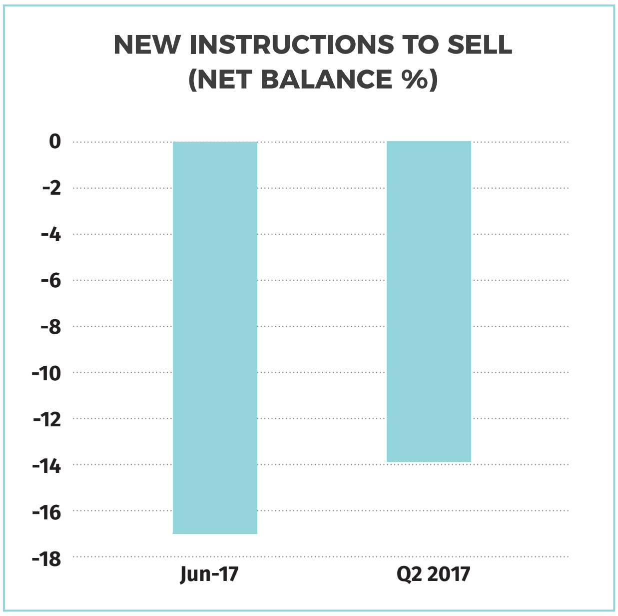
The increase in rental yields has a direct effect on the attractiveness of the property market for overseas investors, particularly golden visa applicants who must retain their property investment for at least five years.

MARKET LOOK 2017

Out of Portugal's three main areas for property investments, year-on-year price increases are most widely observed in the Lisbon area. In Q2 2017 the net balance of sales agents observing price increases in Lisbon exceeded 50%, indicating that the vast majority of agents are seeing their properties sell for more than they did compared to Q1 2017.

However, this data compiled by NICS/Ci also indicates that low levels of supply in Lisbon are beginning to hinder growth in property demand. Whilst the net balance of new buyer enquiries remains positive, it is 12% lower than Porto, and 20% lower than the Algarve.





This, combined with the fact that the number of new instructions continues to decrease at a faster rate than in the Algarve and Porto, creates a more exclusive property market that favours overseas investors who can afford the rapidly rising rates borne from its housing supply shortage.

Nevertheless, the expected completion of a number of property development projects in Lisbon in 2017 is expected to add much-needed supply to the market. This includes both new-build apartments as well as existing property renovation. According to Statistics Portugal, in 2016 the number of building permits in Portugal increased by 10.9% year-on-year, compared to a decrease of 3.7% the previous year. This demonstrates Portugal's commitment to resolving the housing supply crisis going forward.

Europe's coolest capital?

While overseas investors are attracted to the 'safe haven' of Portugal's property market, many are choosing Lisbon above other European capitals due to its winning combination of history and culture with a heavy dose of 'cool'. Known by some as the 'California of Europe' for its comparable suspension bridge, surfing culture and tram network, many of Lisbon's historical buildings and structures are still in-tact.

Recently, a number of high profile celebrities have been seen hunting for Lisbon real estate – including Madonna – which is also sparking greater interest in the region as a destination for living, as well as investment. Lisbon may well be one of the coolest capitals in Europe, which will continue to drive tourism to the city and, in turn, boost the property and rentals market.

ALGARVE

The Algarve encompasses the southernmost region of Portugal and is the country's third richest area (behind Lisbon, and the island of Madeira). Famed for its golden beaches and stunning scenery, the Algarve is Portugal's centre of tourism and is now considered a European holiday hotspot. And where tourism goes, development follows – which makes the Algarve an ideal candidate region for property investment.

> ***House prices in the Algarve grew the fastest of any region***

National Statistics Institute data indicates that in 2016 house prices in the Algarve grew the fastest of any region, with an 8.7% average annual increase in the year to February 2017. On average, house prices are also highest in the Algarve – higher even than Lisbon. This is because most properties in the Algarve are villas whereas the Lisbon property market is centred on apartments. Currently in the Algarve, for €500,000 investors could afford a four-bedroom traditional villa with river views that may require some renovation work.

According to Savills research in 2016, prime property in central Algarve in the "golden triangle" is worth anywhere from €3,000 per square metre up to €8,000 and beyond. Vale de Lobo and Quinta do Lago in particular can command exceedingly high prices with 4-bedroom villas selling for as much as €5million. Both of these resorts contain world-class golf resorts and other luxury facilities, making it a suitable region for higher-value investors.

MARKET LOOK 2017

Out of the three main property investment regions in Portugal, the Algarve currently has the strongest level of new buyer enquiries. RICS/Ci data from June 2017 indicates that the net balance of sales agents receiving an increased number of new enquiries is over 30%, suggesting a strong pick-up in demand for property in the Algarve.

This is also accompanied by a decrease in new instructions to sell, creating a supply-demand net balance disparity of a massive 45% - the highest difference of any region. This indicates that housing supply is currently scarcest in the Algarve region given the levels of demand.

Despite this, estate agents are still seeing a strong number of promised sales on their books in the Algarve region, and sales expectations for the rest of 2017 are outperforming all other regions, which shows that prospective buyers are not being put off the region by strong price increases.

GO EAST FOR THE BEST VALUE

Whilst central and western Algarve are historically the most popular destinations for holiday makers and expats alike, smarter investors are exploring eastern Algarve where average housing prices are much lower.

Eastern Algarve is less commercial since much of the focus for tourism and development has occurred in the centre of the region around the so-called “golden triangle” between Quinta do Lago, Almancil and Quarteira. However, savvy expats are starting to develop the region through opening boutique hotels and trendy restaurants, which will undoubtedly help to drive tourism to the east in the coming years.

While prices can reach up to €8,000 per square metre in central Algarve, eastern Algarve prices average at around half this figure, giving you much more value for money. It may prove to be a shrewd investment as once more development in the region occurs, prices are likely to increase at a rapid rate to assimilate to central Algarve prices.

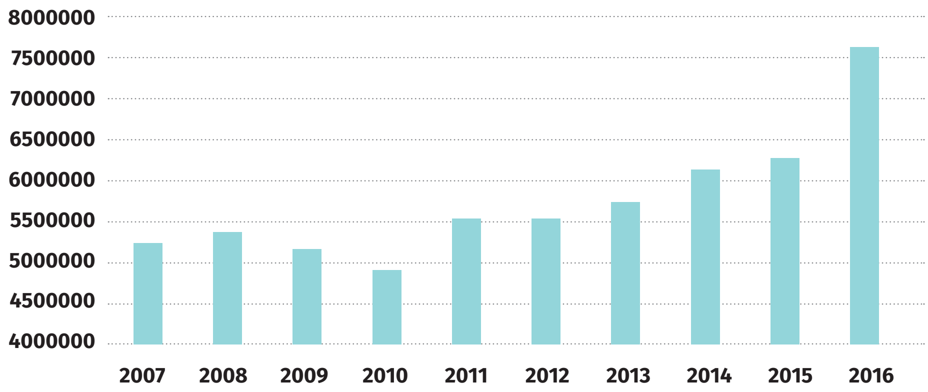
+25%

Faro’s airport was officially relaunched in 2017 following a six-year-long €32.8million redevelopment, allowing the airport to receive 25% more passengers than before.

TOURISM

The Algarve has been actively investing in its tourism sector for many years, which can be seen in its visitor statistics. Particularly recently, the Algarve welcomed more than 7.5 million tourists in 2016 which, according to O Jornal Económino, equates to passenger growth of almost 20%.

FARO AIRPORT ANNUAL PASSENGERS



In addition, according to Land & Houses Algarve 40,000 new jobs were created in the tourism sector in the Algarve alone between January and September 2016, emphasising the area's willingness to attract overseas visitors.

Faro's airport was officially relaunched in 2017 following a six-year-long €32.8million redevelopment, allowing the airport to receive 25% more passengers than before. This airport is the main terminal for the millions of tourists who visit the Algarve region each year. So, the airport will be poised to welcome even more tourists in the coming years. With the airport now able to welcome 30 plane movements per hour rather than 24, airlines will be able to charter additional flights to Faro.

One important part of the Algarve's thriving tourism sector is golf tourism, due to its reputation as Europe's best golfing destination. Its 43 courses, many of which are championship standard, saw almost 1.3 million rounds of golf played in 2016 - a 10% increase on the previous year. According to Algarve Tourism Association (ATA), this is set to increase even further in 2017 where already in Q1 328,000 rounds of golf were played. Therefore, quality properties situated within golf resorts would be able to command premium short-term rental prices, proving to be robust investments.

PORTO

Porto is Portugal's second largest city situated in the north of the country. According to Numbeo data in August 2017, the average property price per square metre in the city centre is €1,872, with the average price outside Porto centre at around €1,323. Compared with Lisbon, this means that Porto property is on average 20% cheaper.

However, this gap is widening and will continue to widen going forward since Lisbon house prices are increasing faster than Porto prices. Whereas Lisbon house prices increased by 35% between 2012 and 2016, Porto prices only increased by around 20%.

Prime property in Porto can sell for as much as €6,000 per square metre. Upscale areas including Avenida do Brasil, Avenida da Boavista, and Avenida do Marechal Gomes da Costa are attracting foreign investors with prices typically ranging between €3,000 and €5,000 per square metre.

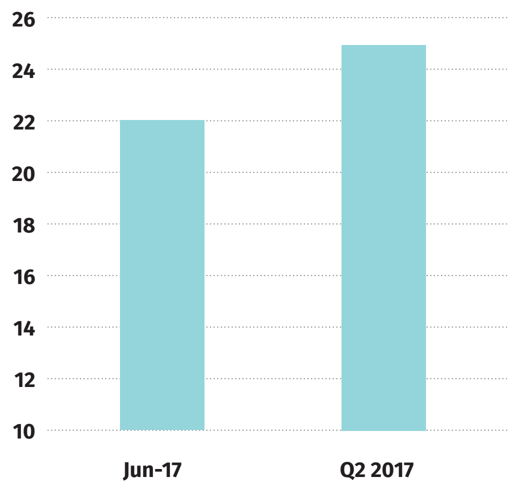
Again, compared to prime real estate in both Lisbon and the Algarve, this is less – making Porto more suitable for investors looking for better value.

MARKET LOOK 2017

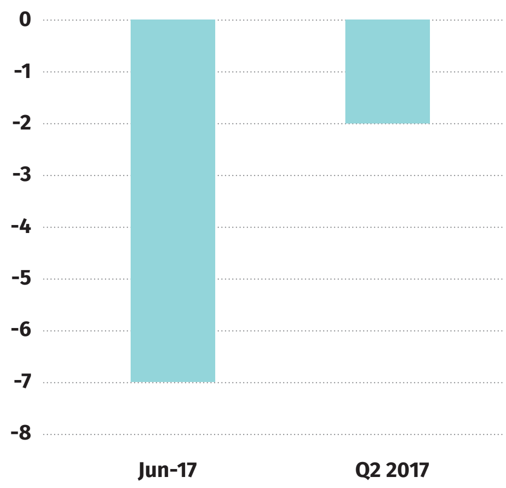
According to the Idealista real estate platform, housing prices in the Porto metropolitan region increased by 2.6% in the second quarter of 2017, compared with Q1 2017. Whilst compared to EU averages this is still strong, it is a weaker outlook than both Lisbon and the Algarve.

This is likely because property prices in the Porto and north region are already close to reaching their all-time peak that was seen across the nation before the recession began in 2007. Prices in Lisbon, for example, are still 10% away from their all-time peak and Algarve prices are 7.5% away from their peak. However, Porto property prices are only 4% behind their peak which gives less scope for speedy growth than prices in the capital.

NEW BUYER ENQUIRIES (NET BALANCE %)



NEW INSTRUCTIONS TO SELL (NET BALANCE %)



Indications of the 2017 property market in Porto show that price increases continue to be observed with price expectations holding strongly. June 2017 data from the monthly RICS/Ci survey shows that the net balance of sales agents observing price increases in Q2 2017 is almost 35%. However, the net balance for increases in sales expectations for Q3 2017 is 5% less than the previous period, indicating that sales increases are slowing slightly as prices approach their all-time peak.

The main advantage of the Porto market compared with both Lisbon and the Algarve is that the supply of housing, whilst still low, remains strongest in the Porto area. New instructions to sell are in decline in all three regions; yet the shallowest decline is seen in Porto with a net balance of under -8% (compared with -17% in the Lisbon metropolitan area). This is likely because foreign investors favour the returns that can be yielded from property in the centre and south of Portugal.

5 – NAVIGATING THE RENTAL MARKET

By now, it will be clear that Portugal's property market is an ideal investment opportunity for overseas buyers. But while you wait for your investment to increase in value, you may wish to take advantage of the strong yields that can be obtained from renting out your property.

Short-term or long-term rentals?

For many golden visa investors, entering Portugal's rental market is an ideal way to begin generating an immediate return on their investment. There are two main types of letting options to consider: long-term tenancy agreements, and short-term/holiday lettings. Short-term rentals are defined as any period not exceeding three months; anything more than three months is considered a long-term rental for taxation purposes.

But choosing between these rental markets can be difficult as both options have benefits and drawbacks. The investor's capacity for risk, as well as the amount of time and resources they are willing to dedicate to their investment, are likely to influence their decision.

Income & rates

Short-term holiday lets generate high rate yields, particularly in peak times caused by a surge in demand from tourism in the summer months, and the return of Portuguese expats over Christmas. It is not unusual at these times for daily rates to exceed €100.

However, income is only as consistent as the popularity of your home; there are no guarantees that your property will be booked at any time throughout the year, making short-term lets a much riskier option. A long-term tenancy provides steady income for the duration of the contract which makes it ideal for more risk-averse individuals. But in comparison to short-term rentals, your return will likely be considerably less.

Tenants

With short-term lets, there is a greater risk that the landlord's guests will not be respectful of the property and may damage the structure or possessions. Holiday goers are not subject to referencing checks as is the case with long-term let tenants, which means investors have little control over who will be staying in their home. However, holiday rentals allow you the flexibility to leave the property unoccupied for personal use, whereas tenants in a long-term lease are immovable unless there are reasonable grounds for contract termination.

Taxation

The tax regime for short-term rentals is much more favourable than long-term lets. Whilst a flat tax of 28% is levied on long-term rental income, holiday rentals enjoy an effective tax rate of just 8.75%. This is because a tax rate of 25% is levied only on 35% of the income rather than all of it. However, the effective rate of 8.75% is a sharp increase on the previous figure of 3.75% that was levied before 2017.

This increase was made in response to estimates from the Portuguese government that fewer than 20% of all holiday rental accommodation is officially registered (and hence the 80%+ unregistered pay no rental taxes). However, this tax increase is even less of an incentive for short-term rental providers to officially register, assuming tax avoidance is the principal reason for not registering. This could cause further tax increases to compensate for this imbalance going in the coming years.

Property management

For both short and long-term lets, investors must consider how they will advertise their property and manage it on behalf of tenants and guests. There are many property management companies in Portugal that can assist landlords with this for a fee. For long-term rentals, this fee will typically cover all advertising and the tenant contract process, as well as the payment of utilities, maintenance work when required, and in some cases even a weekly maid service. For an apartment in Lisbon, the cost for this service will vary between €50 and €90 per month.

For short-term rentals, management fees are more expensive due to the much higher turnover of guests and need for constant advertising. In addition to the above, management companies look after the arrival and departure process, as well as ensuring the property is cleaned between each guest. As a result, the typical commission charged on holiday rental bookings for these services is around 20%, which in peak time can equate to €200 per week or more for an apartment in Lisbon.

SUMMARY

THE TABLE BELOW SUMMARISES THE POSITIVES AND NEGATIVES OF BOTH LETTING OPTIONS. THE TENANCY AGREEMENT ROUTE IS IDEAL FOR LOWER-RISK INVESTORS SEEKING A CONSISTENT YEAR-ROUND INCOME. HOWEVER, HIGHER RATES CAN BE YIELDED THROUGH SHORT-LET RENTALS IF INVESTORS ARE PREPARED TO MANAGE THEIR PROPERTY MORE CLOSELY, AS WELL AS THE BENEFIT OF A FAVOURABLE TAX REGIME.

LONG-TERM LET		SHORT-TERM LET	
POSITIVES	**NEGATIVES**	**POSITIVES**	**NEGATIVES**
Consistent year-round income	Much lower daily rate yield in comparison	High rate yields – particularly in peak times (summer and Christmas)	Requires constant advertisement and property management (e.g. check-in/check-out, complaints etc.)
Greater control over tenants occupying your property	Cannot use the property for duration of the contract	Flexibility to leave property unoccupied when you want to use it	Less control/no guarantee tenants will be respectful of property
Only requires management upon start of contract/ renewal		Favourable tax regime with an effective tax rate of just 8.75%.	Inconsistent income depending on demand/popularity of your property

ABOUT COATES GLOBAL

COATES GLOBAL IS A LEADING LAW FIRM BASED IN LONDON THAT SPECIALISES IN CITIZENSHIP BY INVESTMENT PROGRAMS.

We work only with clients who are applying for a golden visa or other forms of investor visas. This means we can dedicate all our resources, knowledge and legal expertise to ensuring you gain your visa.

Our team of experienced lawyers can assist you with all aspects of the application process – from choosing an investment, to renewing your visa. Coates Global can help you:

- Decide what type of investment is best for you and your financial situation
- Arrange airport transfers, meet-and-greets, and chauffeur services in Portugal
- Book property viewings as well as guide you through the real estate purchase process
- Understand the implications of the Portuguese taxation regime
- Submit your golden visa initial application or renewal.

Coates Global has an international office located in Lisbon with Portuguese-speaking lawyers able to take care of any processes which can only be completed abroad. By working only with a select group of approved partners, we have been able to ensure complete client satisfaction.

We understand that each of our clients' cases are different and will require a unique investment strategy. So, our lawyers will carefully consider your individual circumstances, devising the most successful investment strategy for you. From multi-national companies and wealthy tycoons to celebrities and other individuals, Coates Global is proud to maintain a 100% client satisfaction record.

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PORTUGAL PROPERTY MARKET REPORT