

H1 Market Report

July 2025



H1 2025 Market Report

Algarve Luxury Property



► One-of-a-Kind Masterpiece in Quinta do Lago, Algarve, Portugal | Ref 10002QP | P.O.A.



► by **Kerstin Buechner**
Co-Owner and Director

As we reach the halfway point of 2025, we're delighted to share our view of the Algarve luxury property market and the trends shaping the year so far. For those who don't know us, Quinta Properties, trading as QP Savills, is the leading name in luxury real estate in the Algarve. We have been operating in Quinta do Lago, Vale do Lobo, and the wider Central Algarve for over 25 years and have built a reputation for deep local knowledge, professionalism, and complete dedication to providing excellent service to our clients.

We have three offices dedicated to residential real estate, along with a commercial branch and a team specialising in New Homes, ensuring expert support across every corner of the market.

As Savills Associates, we combine a global perspective with in-depth, on-the-ground expertise in the Algarve property market.

Our Reports are published quarterly and are a well-respected guide for anyone interested in the Portuguese property market.

We hope you find this useful, and we welcome all feedback.

▶ 30.4%

increase in sales volume YTD

▶ €75M

sales volume achieved

▶ 21%

increase in leads YTD

▶ €4M to €5.5M*

starting price for luxury villas in Quinta do Lago and Vale do Lobo

▶ €20M*

properties values can exceed in Quinta do Lago and Vale do Lobo

* QP Savills Portfolio

H1 2025

Tourism continues to thrive, with high occupancy rates and record numbers of visitors expected again this summer. This strengthens investor confidence, particularly among those acquiring properties with rental potential. Meanwhile, infrastructure improvements across the region - including road upgrades, healthcare expansion, new schooling options, and investment in technology - are all enhancing the Algarve's long-term appeal.

The first half of 2025 has been characterised by strong and steady market activity, despite global uncertainties and unusual weather patterns. February through April were unseasonably wet, and while this alleviated drought conditions across the country, it did temporarily slow property sales. However, as soon as the sun returned, so too did momentum. Overall, enquiries are up, sales volumes have increased, and we are seeing a broader, more international buyer base.

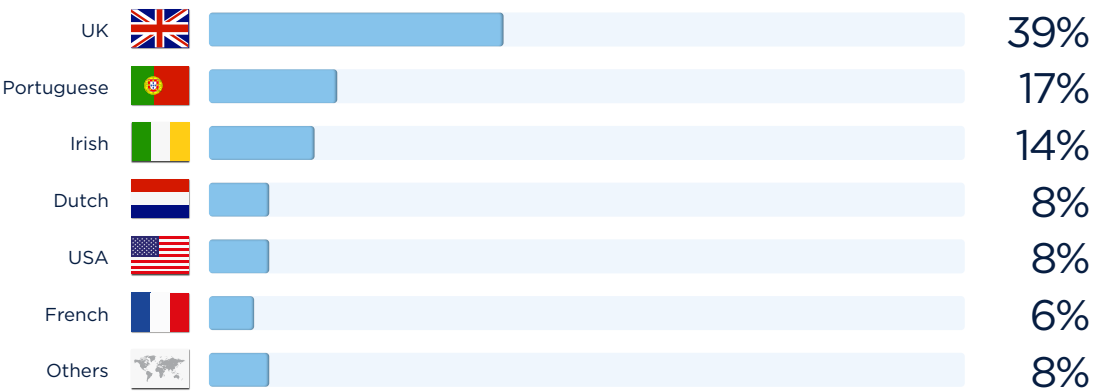
Both enquiries and transactions rebounded quickly in May. Demand remains robust, with a 21% increase in leads compared to the same period last year. Sales volumes achieved for our clients have reached €75M, marking a 30.4% year-on-year increase. This sustained demand, coupled with ongoing appreciation in property values, reflects the continued strength of the market.

This performance is testament to the strength and maturity of the Algarve's luxury property market, which has firmly established itself as one of Europe's most desirable destinations for affluent buyers.



▶ Brand New Contemporary Villa in Quinta do Lago, Algarve, Portugal | Ref 95966QP | P.O.A.

Nationalities of our Buyers 2025 (H1)



Luxury villas in Vale do Lobo and Quinta do Lago start around €4M and €5.5M respectively, but can exceed €20M. While some suggest a shortage of available properties, there appears to be a healthy equilibrium between supply and demand. These villas frequently exceed 700m² and boast exquisite finishes in prime locations near golf courses and beaches. 2 and 3 bedroom apartments and townhouses are also in great demand with prices typically starting around €1M.

Our Country Homes office in Loulé, which specialises in the finest properties across the Algarve, has had a particularly strong start to the year. As values in Quinta do Lago and Vale do Lobo move beyond the reach of many wealthy buyers, we are seeing increased interest in properties outside of these developments. These homes often offer larger plots and an attractive value per square metre, with average prices of around €2M.

A notable trend in 2025 is the growing presence of new buyers to the region. Historically, the majority of our clients were repeat buyers, often reinvesting in the area rather than leaving Portugal after a sale. Today, we are seeing a rise in new younger, buyers who are well-informed and value-conscious. They understand the market, know what they want, and act decisively when the right property appears. Many of them are relocating their families and seeking to make Portugal their permanent home. In an increasingly

uncertain world, the Algarve is widely regarded as a safe haven.

Sellers are more confident, even bullish - and with good reason. The scarcity of high-quality stock means well-presented homes in top locations are achieving excellent prices, sometimes with competitive bidding. That said, buyers remain discerning and are unwilling to overpay, particularly for properties that require work or which they feel are overpriced. Accurate valuation and professional guidance are more crucial than ever to secure successful outcomes for both parties.

The profile of our clients continues to evolve. While British and Irish buyers remain important and their absolute numbers are steady, their share has declined from over 80% historically to just 53% today. We are seeing significant growth in interest from other parts of the world.

Portugal's enduring appeal goes beyond sunshine and lifestyle. While its favourable tax regime has long been a draw, new considerations are now reinforcing its position. Spain has introduced more restrictive measures for non-EU property investors, causing many to turn their attention westward to Portugal. Meanwhile, although Dubai remains a formidable competitor, ongoing instability in the Middle East, along with Portugal's proximity to the UK, Ireland, and mainland Europe, is causing some to stay closer to home.

Many of these new buyers are seeking either a permanent or semi-permanent home. The Algarve's strong safety record, excellent international schools, robust infrastructure, and easy connections to the rest of Europe and the United States are powerful attractions. The growing prevalence of remote working is also contributing to demand for high-quality homes in the region.

▶ **38%**
rise
of foreign
millionaires
in Portugal

According to the latest [Henley & Partners Private Wealth Migration Report](#), Portugal is expected to attract approximately 1,400 new high-net-worth individuals (HNWIs) in 2025, bringing around US \$8.1B in wealth – placing it seventh globally for HNWI migration. Between 2014 and 2024, the number of foreign millionaires settling in Portugal rose by 38%. Portugal now ranks ahead of Greece, Canada, Japan, Monaco, and the Netherlands in terms of attractiveness to wealthy individuals. This trend is clearly visible in areas like Quinta do Lago and Vale do Lobo, which continue to appeal to the world's most affluent buyers thanks to their exceptional lifestyle offering and solid investment potential.



▶ Luxurious Villa in Vale Formoso, Algarve, Portugal | Ref 95620QP | €3,995,000

Why Portugal Appeals to the Super Wealthy Now

Recent changes to UK taxation, particularly targeting non-doms and the super wealthy, are prompting many high-net-worth individuals (HNWIs) to reassess their options. Indeed, for wealthy families from across the globe, Portugal remains one of the most attractive alternatives in Europe, offering a stable, welcoming environment with fiscal and lifestyle advantages. Many choose Portugal as a strategic base for post-exit planning, especially those selling businesses or looking to preserve multi-generational wealth. Here's how Portugal may benefit those affected by the UK's tightening tax regime:

▶ **Tax-Friendly Climate (Even Post-NHR)**
Residency (NHR1) regime officially closed to new applicants at the end of 2024, Portugal still offers attractive benefits: The new regime, NHR2, offers reduced taxation for certain professionals and sectors (mainly science, technology, innovation, and start-ups).

Though it's more limited than the previous NHR offering, it does offer some advantages too. It still demonstrates Portugal's continued commitment to attracting skilled and wealthy residents.

▶ **No Wealth Tax**
Unlike other European countries, Portugal does not impose a general wealth tax. There is a relatively small stamp duty (AIMI) on high-value real estate, but no tax on personal net wealth or financial assets.

▶ **Attractive Inheritance & Gift Tax Rules**
Portugal has no inheritance or gift tax for close family members. This makes it particularly attractive for wealth planning across generations – a significant contrast to taxation in other countries.

▶ **Capital Gains Opportunities**
While Portugal does tax capital gains, planning opportunities exist. For example, gains on non-Portuguese assets acquired before residency may not be taxed if structured correctly. And under certain conditions, gains from selling a UK business may be mitigated or deferred when planned alongside Portuguese tax residency.

▶ **Golden Visa Still Exists**
Though real estate investment is no longer eligible for the Golden Visa program, Portugal continues to allow residency via investment funds, research, culture, or job creation. It's an appealing route for HNWIs seeking EU mobility and a Plan B.

▶ **Residency Before Liquidity Events**
For Brits planning to sell a business, becoming a Portuguese resident before the sale can offer planning advantages. For example, if the sale happens after tax residency is established and structured with professional guidance, gains from the UK may fall outside Portuguese taxation depending on double tax treaty rules, source of income, and asset location.

Portugal taxes on a residency basis, not citizenship, and with careful planning, global income can be taxed more favourably than in the UK under its new regime.

▶ **Favourable Lifestyle and Cost of Living**
Beyond tax, Portugal offers a secure, scenic, and high-quality lifestyle. Compared to London, Geneva, or Monaco, it delivers an excellent standard of living at lower cost, making it a desirable base for the globally mobile.

▶ **A Growing Trend Among Wealthy Americans and Brits**
Savills.com recently reported a spike in traffic from U.S. visitors, with Portugal now ranking high among global property searches by wealthy Americans. The shift is also being driven by geopolitical tension, lifestyle rebalancing, and the search for a better quality of life.

For more information on Portuguese taxation, please refer to the [Visas & Taxes Section](#) of our [2025 Property Guide](#), or pick up a copy from one of the QP Savills offices in Quinta do Lago, Vale do Lobo, or Loulé.

Rental Market Trends

While holiday lettings remains a fundamental part of Portuguese property market offering property owners lucrative returns, the long-term rental market is expanding at speed. Prime properties are in high demand and monthly rents can easily exceed €20,000 in some cases.

Extended stays, remote work, and relocation are driving demand for this relatively new niche.

Savills in London have also recently acknowledged this in an interesting article in [Portfolio - The Rise Of The Ultra-Tenant](#).

► €20K
premium
monthly rents
can reach
over this value



► Bright and Elegant Villa with Sea and Golf Views in Vale do Lobo, Algarve, Portugal | Ref 97407QP | €6,000,000



► Arcaya - Exclusive and Sustainable New Homes near Vilamoura, Algarve, Portugal | Prices from €2.75M

The Algarve is now a Hotspot for Private Equity and Development Funds

Development activity in the Algarve's Golden Triangle has surged, with flagship projects like One Green Way and Arcaya leading the charge. Post-COVID momentum continues to attract institutional funds, private equity, and high-net-worth individuals, driving land prices and a sharp rise in planning applications.

A prime example is the Reserva development in Quinta do Lago. Launched in 2018 at €11,250/m², properties are now reselling at around €26,600/m², a clear marker of capital growth and ongoing investor confidence. Vilamoura is also undergoing a major transformation, driven by

Arrow Global, a Pan-European asset manager with €110B AUM (assets under management). Arrow is heavily invested in the area, managing assets such as Vilamoura World, the Hilton and some of the Dom Pedro hotels, golf courses, the marina, and key development sites, combining heritage assets with new builds and lifestyle infrastructure.

The newly launched Arcaya development by Bondstone adds to the momentum. This €700M project spans 68 hectares, with its first phase featuring 48 luxury 4-bedroom villas (approx. 240m² on 1,000-2,000m² plots) starting from €1.95M. Second phase now launched of 32, 3-bedroom

villas, from €1.07M. Designed by Battleiroig, the homes combine sustainable construction with modern architecture and include pools, landscaping, a clubhouse, wellness centre, and full concierge services, all minutes from Vilamoura.

What's more, Portugal's very first Mondrian Hotel is coming to Arcaya.

At QP Savills, we are proud to be at the heart of this growth, advising developers, investors, and funds, and providing a pipeline of prime, approved land opportunities, backed by strategic guidance and decades of local expertise.

The Rise of Branded Residences and New-Build Appeal

A notable trend reshaping the market is the surge in branded residences. Over 700 branded units are set to launch in the Algarve over the next five years, with standout projects like Marriott's W and the Viceroy Residences at Ombria Algarve raising the bar in design, amenities, and service. While these properties command a 20-25% premium over standard homes, they offer buyers security, hassle-free management, and an enhanced lifestyle experience.



► Viceroy at Ombria Algarve - Exclusive apartments in Loulé, Algarve, Portugal | Prices from €781,200

New Homes Snapshot

In Loulé municipality, 97% of Q1 2025 residential sales were for resales. This may suggest stronger demand for existing homes, but it's also partly because many new builds are still under construction - contracts have

been signed but the sales are not yet registered as complete. Top-tier resorts like One Green Way, Atlantic Pines, and Reserva are now averaging €11,000-€15,000/m², with values starting from €2M-€9.5M.

Entry-level premium apartments range from €7,000-€9,000/m², placing one and two-bedroom units at €850K-€1.5M, and three-beds from €2.0M-€2.9M. Ultra-prime villas in branded, full-service resorts now exceed €14,000/m².



► Natura Village - Luxury Semi-Detached Villas in Vilamoura, Algarve, Portugal | Exclusively For Sale by QP Savills | Prices from €790,000

New-Build Buyer Profile

The demographic is widening. While British and Irish remain dominant, Portuguese and American buyers are increasingly active, alongside growing interest from German, Dutch, French, and Brazilian nationals.

A shift toward longer stays, relocation, and strategic second-home purchases is evident. Buyers today are informed and decisive, and they prioritize lifestyle-driven choices such as being close to international schools and wellness amenities. Tax and residency planning remain key motivators.

Strong rental demand and an extended tourist season also underpin buyer confidence. The flexibility to rent or not adds reassurance.

Sustainability is becoming a priority, with a 12% rise in eco-conscious developments. Energy-efficient design, solar panels, and sustainable materials are now common. QP Savills New Homes and Developments portfolio includes exceptional sustainable projects like Verdélago Resort in the east, and Arcaya and Natura Village in Vilamoura.

For expert advice on new homes and developments in the Algarve, contact Monika Hanlon, Director of New Homes and Developments, on +351 913 901 136 or monika@qp.pt.

by **Kelcie Sellers**
Associate Director,
World Research, Savills

savills

Portugal's Economy and Prime Real Estate Market in Numbers

In the prime residential market, Lisbon continues to see price growth, driven by high-end demand, easing inflation, and limited supply. The outlook for 2025 remains positive, though growth may moderate. In the Algarve, prices rose 15.3% in 2024, led by strong international demand—particularly from British and Irish buyers—and constrained land availability. Furthermore, we believe the spread of buyers is expanding not only to other European countries but also from North America from which interest is growing (enhanced by direct return flights from the US).

For the rest of 2025, the prime residential market in Lisbon is forecast to grow from +4% to 5.9%. Over the longer term, Portugal's residential market is anticipated to continue its run of strong growth with a country-wide annualised growth rate of 5.49% from 2025 to 2029, according to Statista.

We also believe that the Algarve is experiencing a regional transition to become a sustainable all-year round investment destination and a remote working hub rather than just an area of discretionary seasonal holiday purchases.



> Verdelago Resort - Sustainable Beachfront Living in Castro Marim, Algarve, Portugal | Prices from €715,000

In Conclusion

Looking ahead, the forecast for the market is positive. While there are always challenges, from unusual climate changes to shifting global dynamics, the fundamentals of the Algarve luxury market are solid. Our local expertise, paired with Savills' global reach, allows us to stay ahead of the curve and offer sound advice to both buyers and sellers. We expect continued interest from international clients, especially as awareness grows around the lifestyle and investment opportunities the Algarve uniquely provides.

In conclusion, while 2025 began with a little apprehension, it is fast becoming another busy and successful year. Demand is high, pricing is stable, and market sentiment is increasingly positive. The Algarve continues to shine as a safe, beautiful, and rewarding place to live and invest.



> Atlantic Pines - Exquisite Villas in the Vale do Lobo Area, Algarve, Portugal | Prices from €2,000,000

If you're considering buying, selling, or simply curious about the market, we would be delighted to talk. Our team is here, as always, to guide you with experience, discretion, and care. Contact us at info@qp.pt or +351 289 396 073.

OLDER. WISER. AND BIGGER.



qp

QUINTA PROPERTIES



International
Associate

Luxury Real Estate

www.qp.pt



QUINTA DO LAGO



VALE DO LOBO



CENTRAL ALGARVE

+351 289 396 073 ■ info@qp.pt

+351 289 009 810 ■ vdl@qp.pt

+351 289 155 930 ■ loule@qp.pt

AMI-1252

www.qp.pt