

Market Report

January 2025





Market Report 2024 with a View to 2025



► by Kerstin Buechner
Co-Owner and Director



► Breathtaking Sea Views from an Exquisite Villa in Quinta do Lago | Ref 83272QP

As we enter 2025 in glorious sunshine, we reflect on the past 12 months.

Without a doubt, 2024 was our busiest year to date at QP Savills. As business owners, we like to think that a bigger and better team would make life easier. However, as anyone in business knows, this is rarely the case. That said, it continues to be an exciting journey. This past year, we achieved record property sales for our clients, kept our 40-strong team busier than ever, and had the privilege of working in a vibrant market with extraordinary properties and fascinating clients from around the globe. We can honestly say that we still love what we do.



2024 IN NUMBERS

► **1,000**
high-end
properties in
our portfolio

► **1,703**
direct
property
enquiries

► **85**
properties
sold

► **€203m**
in sales
volume

► **40**
experts
on our team

► **4**
local offices

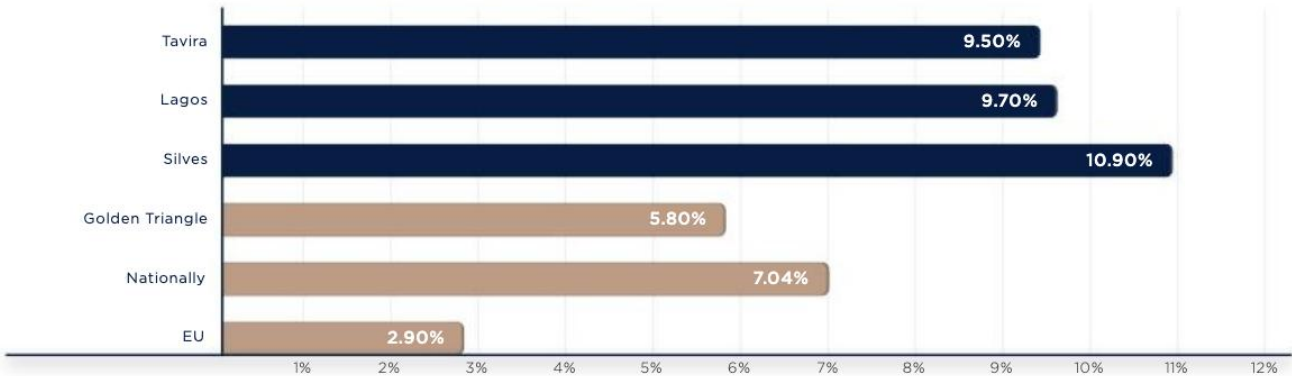
2024 Market Report

The luxury property market in Portugal, particularly in the Central Algarve, has demonstrated exceptional resilience and growth throughout 2024, cementing its reputation as one of the most desirable real estate destinations in Europe. The country's magnetic appeal lies in its combination of an incredible lifestyle, a rare sense of security, favourable visa programs, a stable economy and formidable infrastructure. That continues to attract buyers from around the globe. As we delve into the intricacies of property values, evolving

buyer demographics, emerging trends, and the outlook for 2025, the Central Algarve remains a focal point of interest, reflecting broader dynamics in Portugal's luxury real estate market. Property values across Portugal have continued their upward trajectory, reflecting the country's ongoing appeal for both domestic and international buyers. In the Algarve, property values soared in 2024, with towns like Silves, Lagos, and Tavira experiencing growth rates between 9% and 11%. The "Golden Triangle," comprising Quinta

do Lago, Vale do Lobo, and Vilamoura, posted a slightly more moderate price growth of 5.8%. However, this builds on years of consistent appreciation, underscoring its enduring desirability and resilience in the market. Nationally, the average price of homes rose by 7.04%, equating to a real increase of 4.74% when adjusted for inflation. These statistics underscore the strength of Portugal's real estate market, driven by a blend of historical charm, modern infrastructure, and a high standard of living.

Property Value Growth in 2024



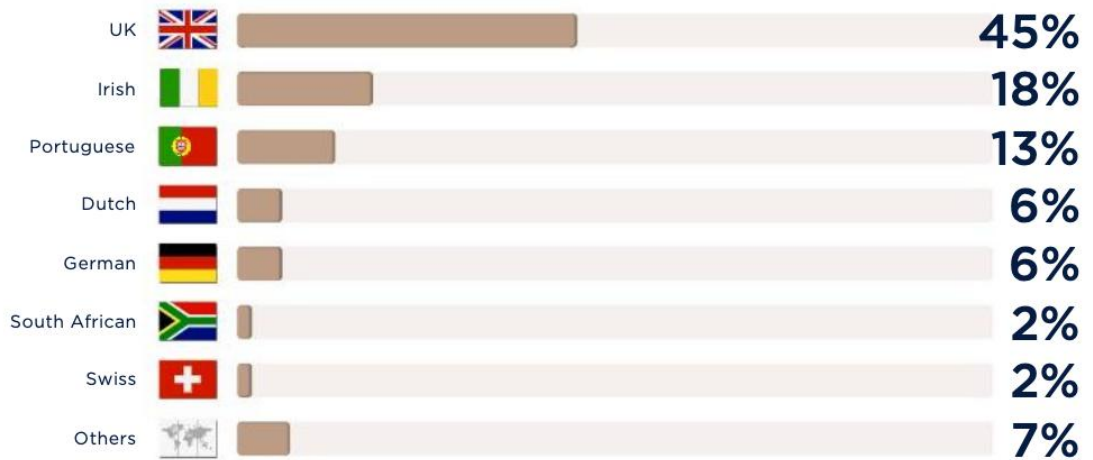
2nd
 Portugal is the second most popular destination for American travellers in 2025

International buyers dominate the luxury property market, accounting for approximately 80% of investments in the Algarve. Among these, British buyers remain the largest group, constituting 45% of luxury property acquisitions.

This is down from previous years where the percentage was closer to 70. 18% of our buyers are Irish, showing that great interest is returning from the green isle, and the remaining buyers come from over eleven other countries, demonstrating that the market is becoming much more international. Notably, American buyers, buoyed by a favourable exchange rate and a growing desire to leave the States for the European lifestyle, are emerging as significant players.

A recent study by the United States Tour Operators Association (USTOA) has placed Portugal as the second most popular destination for American travellers in 2025. The survey, conducted by PricewaterhouseCoopers with 96% of USTOA members participating, places Portugal just behind Italy, with Greece rounding out the top three.

Nationalities of our Buyers 2024



"This represents exciting challenges and opportunities."

Amy Kerins, QP Savills Marketing Director, notes,

"Our marketing efforts have evolved, and we are excited to be exploring new markets and delighted with the amount of interest."

The demographic landscape of buyers is shifting, with younger families, entrepreneurs, and digital nomads increasingly entering the luxury property market. This trend is particularly noticeable in prestigious resorts such as Quinta do Lago and Vale do Lobo, where younger families are prioritising homes designed to support active and healthy lifestyles. Proximity to fitness facilities, outdoor recreational activities, wellness-focused living spaces, and access to local and international schools are becoming key considerations for these buyers. Meanwhile, traditional buyers, such as retiree golfers who were among the Algarve's early residential golfing pioneers, are often finding themselves priced out of these exclusive markets.

This generational shift is driving the market towards greater sustainability, modernity, and family-oriented living. Developers are responding by reinvesting in the creation of environments that meet these evolving

demands, offering world-class sporting and wellness facilities, restaurants with healthier dining options, and exceptional infrastructure, including state-of-the-art internet connectivity.

Turnkey properties have gained popularity among international buyers who value convenience and are willing to pay a premium for ready-to-live-in homes. This trend is particularly pronounced in Quinta do Lago and Vale do Lobo, where luxury homes often compete with some of the finest properties from around the globe.

There seems to be less appetite to invest in plots to build, as today's buyers struggle with the significant time, effort, and cost involved in putting these extraordinary properties together. Those who do take the step to build are usually richly rewarded as demand for these properties continues to outweigh the supply, resulting in the inevitable increase in their value. In these two developments, it is now difficult to find a new villa for sale for less than €10m, with some properties now selling for well over €20m.

Sustainability has emerged as a significant consideration, with eco-friendly developments and smart home technologies becoming popular features of modern luxury living. Solar

panels, energy-efficient systems, and home automation are no longer optional but expected elements in properties across the board. Indeed, Portuguese legislation dictates that when building new homes, they adhere to strict environmental standards, including energy efficiency (insulation, ventilation, renewable energy use), proper water and waste management, and compliance with noise and air quality regulations. A great example of properties answering this trend is Arcaya, a brand-new sustainable community. We'll talk more about this development later.

The 2024 Savills Executive Nomad Index evaluates 25 destinations on their appeal and accessibility for long-term remote workers, considering factors such as internet speed, air connectivity, climate stability, prime residential rental prices, and overall quality of life. Thanks to its excellent connectivity, consistently warm climate, high living standards, and the ongoing preference for cities with beachside access, Lisbon ranks 5th and the Algarve 9th. Both locations continue to perform exceptionally well, with Lisbon securing a top-five position since the index's inception in 2022, bolstered by Portugal's outstanding quality of life and strong results across all categories.

Portugal's visa programs have played a pivotal role in attracting non-EU buyers, offering pathways for extended stays and residency. The Golden Visa program still exists, albeit for non-property investments. A minimum of €500,000 subscription can be made in a qualifying Portuguese fund. The qualifying funds include Private Equity and Venture Capital funds in Portugal and exclude any fund that has direct or indirect real estate ties. The Digital Nomad Visa, introduced in late 2022, has gained traction among remote workers, particularly from the US and the UK. This visa requires applicants to demonstrate a monthly income four times the Portuguese minimum wage which equates to €3,040 in 2024. Similarly, the D7 Visa, designed for

retirees and individuals with passive income, has seen growing interest due to its straightforward application process and lower financial thresholds. These visa options reflect Portugal's commitment to welcoming diverse groups of high-value residents who, in turn, are investing in properties and the local economy.

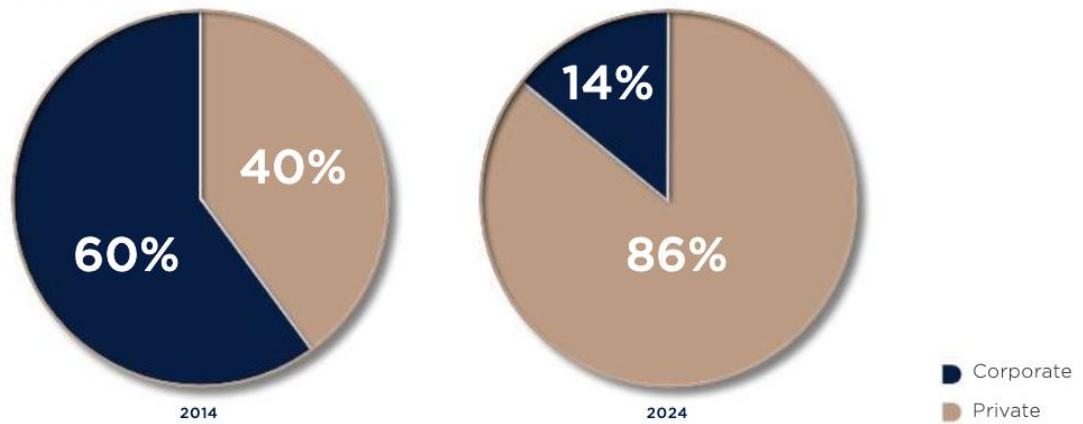
For property owners planning to generate rental income, acquiring an Alojamento Local (AL) license remains important if the property is to be rented out to holidaymakers for short-term stays. These licenses ensure that properties meet stringent safety and quality standards, adding value for owners and enhancing the overall rental market. The government has made

acquiring these licenses more difficult to alleviate the shortfall of permanent homes for the local population but now seems to be relaxing the laws, allowing more people to rent their properties on short-term lets. The demand for long-term lets is also growing significantly, and so are the inherent rental rates. A good tip would be to look into renting your home on a long-term basis, as the potential income from this may surprise you. Tax on income from long-term lets is also reduced from 25% to 15%.

Properties generally also suffer a little less wear and tear with one good long-term tenant as opposed to numerous short-term tenants on holiday.

Some buyers still opt for corporate ownership structures to purchase properties, primarily for better estate planning. Navigating these options requires professional advice, and they still offer some advantages, albeit in today's climate, far fewer. Our statistics show that the popularity of these structures is on the decline. In 2014, over 60% of our properties were sold via corporate structures, versus just 14% today.

Corporate Vs Private Property



We have noticed an increasing number of buyers using mortgages to finance their purchases. This marks a departure from the long-lasting trend of cash-only transactions, reflecting broader shifts in financial strategies. In years gone by, almost none of our buyers used a mortgage to buy; today, 13% of our buyers borrow to buy, and these were predominantly for new homes.

A hot ticket item is apartments with golf titles, as these are among the most sought-after properties—a rare commodity in high demand and priced accordingly.

And another noticeable new trend we are witnessing is more competitive bidding, signaling heightened competition among buyers in these prestigious markets.

The Algarve continues to draw significant interest from major international funds and global brands, which are launching new residential developments to meet the market's ever-growing demand. With demand consistently outpacing supply, these luxury projects are designed to cater to the needs of discerning buyers.

Among the notable investments is Atlantic Pines, an independent development situated in Vale do Lobo. This brand-new project comprises 28 beautifully designed 4-bedroom luxury villas. Developed by Draycott and brought to life by renowned Portuguese architect Frederico Valsassina, landscapers PROAP, and interior designers Andrez Andrez, these homes are built for today's modern family, with completion scheduled for the beginning of 2027.

Launched in July 2024, Atlantic Pines garnered an extraordinary response,



Illustration is subject to change

Atlantic Pines Residences in the Vale do Lobo Area

with 20 of the 28 units sold within the first week—a clear indicator of the region’s high demand. Priced between €2.25m and €3.95m, the development offers wellness-focused amenities, proximity to international schools, and exceptional security, making it especially appealing to younger, family-oriented buyers.

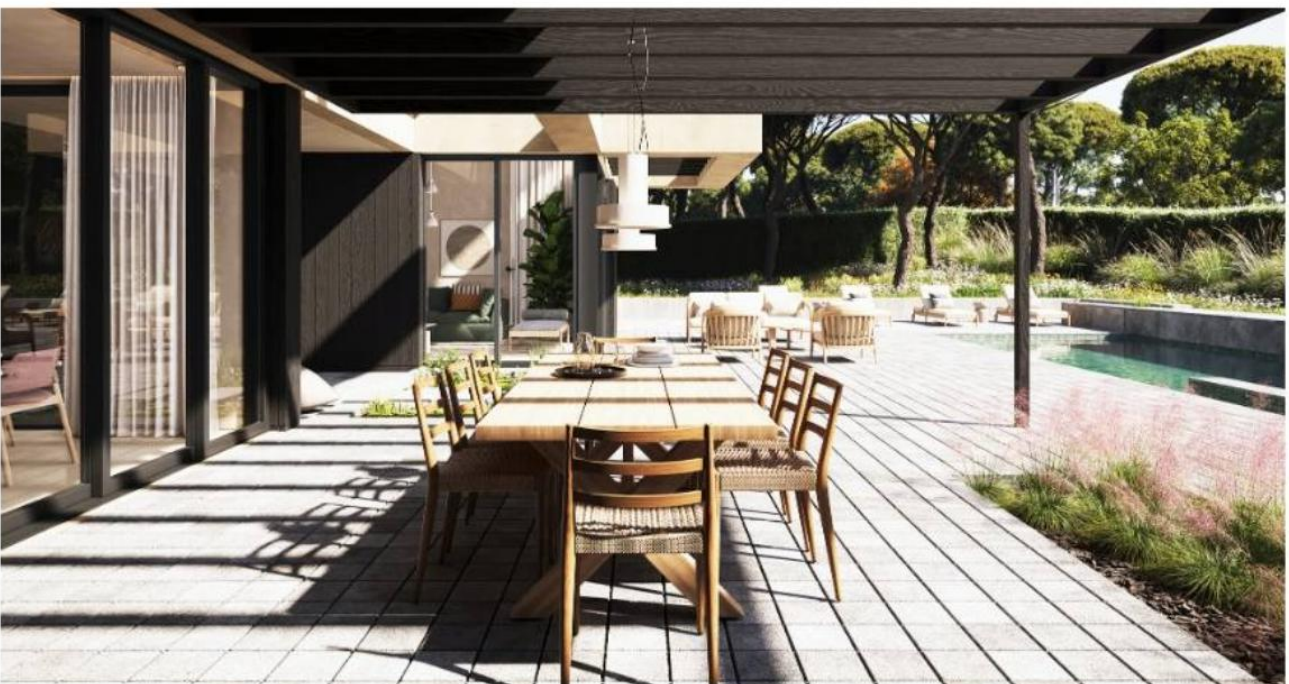
Numerous other outstanding new development projects are being

launched across the region. Close to home is Arcaya, where our sales team is proud to manage sales directly from the Arcaya Sales Pavilion on behalf of Bondstone.

Arcaya represents a sustainable revolution in the heart of the Algarve, with a strong focus on eco-friendly construction and practices. It aims to create the ultimate destination for year-round living. The development

features stunning new 4-bedroom villas with private pools, priced between €1.9m and €2.85m, with occupancy anticipated by mid-2026.

And Vilamoura continues to go from strength to strength, driven by substantial investment that is transforming its real estate landscape. This transformation includes not only the introduction of new properties for sale but also the creation of impressive, world-class facilities.



Beautiful BBQ Area in Arcaya Prime Sustainable Community between Vila Sol and Vilamoura

QP Savills in 2024

It has indeed been a stunning year at QP Savills. There is clear evidence that the market continues to grow in popularity and that the appreciating property values show no sign of slowing-offering buyers not only a formidable lifestyle but also excellent investment opportunities.

Demonstrating this has been the increase in our sales in Vale do Lobo. Iain Begg, QP Savills Vale do Lobo Sales Manager, says: *"Interest in Vale do Lobo has never been greater. This is reflected in our office's 2024 performance, which year-on-year saw us selling quadruple the number of houses. Due to a lack of supply and strong demand, we witnessed price increases. Therefore, we urge owners who might be considering a sale or might just be curious about how much their property is worth to get in touch for a complimentary market appraisal."* The average sale price in Vale do Lobo and Quinta do Lago is currently at €3m, and we expect this to grow further in 2025 as the number of enquiries we are receiving from buyers interested in these formidable developments continues to outweigh demand.

Jamie Robinson, our Quinta do Lago Sales Director comments: *"For over 20 years, people have been suggesting that property values cannot continue to rise as they have. However, I can confidently say that we actually do expect them to keep appreciating. The market is constrained by a finite supply of luxury properties, while demand continues to grow at an unprecedented rate year after year. While the percentage of UK buyers may have decreased, this does not indicate a reduction in investment from UK buyers. Instead, we are seeing an influx of buyers from other markets, making the market more balanced and less reliant on any one source. It's also important to note that, compared to luxury destinations like Monaco, Verbier, the South of France and Miami, Algarve property values still have significant room for growth, as prices in those regions still far exceed ours. The Algarve is increasingly on the radar of ultra-high-net-worth individuals, who recognise not only the exceptional lifestyle it offers but also the potential for future price growth, making it an attractive investment opportunity."*

Our Loulé office, which oversees the areas surrounding the resorts and the stunning hinterland of the Central Algarve, has also achieved remarkable results. Monica Mendes, Sales Director at our Loulé Office, highlights a growing trend where more people are selling properties in Quinta do Lago

and Vale do Lobo in favour of relocating to the hills. This shift is driven by the significant rise in their property values, which is too tempting to overlook, as well as the better value per square metre offered by properties in the hills-often boasting larger plots, greater privacy, and tranquility, while still being just minutes from the coast and the resorts.

Property values in these areas remain significantly lower where such beautiful homes can be bought for anywhere between €2M and €4M and Monica is especially proud of a record sale this year for an asking price of €6m. Here too prices are on the rise. She comments, *"High-quality homes, built to the exceptional standards of Quinta do Lago, are now emerging in locations beyond the traditional resort areas. Achieving these price levels also demonstrates the buying power outside of Quinta do Lago and Vale do Lobo."*



2024 in Numbers

The YTD number of individual new property enquiries at QP Savills in 2024 rose by 29% to 1,703 direct property enquiries. The number of sales we agreed for our clients also increased significantly to 85 sales, generating a whopping sales volume of €203m, which is up by 44% compared to 2023. The average overall sales price is slightly down at €2.39m, but this is not due to any form of price depreciation but can be attributed to the increase in the number of smaller new homes we have sold for developers across the coast.

Total Value of Properties Sold for Our Clients



➤ Elegant and Distinctive Villa in Quinta do Lago | Ref 83626QP

QP Savills Expectations for 2025

Recent changes to the UK's non-domicile laws have led many wealthy individuals to consider relocating to Portugal, attracted by its better climate, a super lifestyle, and favourable inheritance tax laws. In addition, Portugal offers access to EU markets and a high-quality healthcare system, making it an ideal destination for those seeking both financial and personal benefits. With its relaxed lifestyle and wealth-preserving tax regime, Portugal is becoming an increasingly popular choice for non-doms.

There is an expected increase of German buyers. The growth of the tech industry has produced a new generation of young millionaires, and inheritance trends are also playing a role. Between now and 2027, the annual inheritance volume in Germany, including gifts, is expected to reach up to €400 billion. This influx of wealth will need to be invested, and we believe we'll see more young German buyers entering the property market as a result.

Furthermore, with United Airlines bringing direct flights to Faro from New York from May to September, we anticipate a large increase in the number of sales to Americans. Many Americans seem keen to leave the States for various reasons—to relocate permanently to Europe, to retire in a safe country with a great lifestyle, stability, climate, and not to forget an easy, fast, and relatively inexpensive healthcare system. Many Americans look forward to basing themselves in Portugal for these reasons, but also using it as a springboard to explore the rest of Europe.

Another trend we expect to see gain momentum in 2025 is the returning expats from Singapore and the Middle East. Many struggle with the idea of returning to the Northern European climate, and for them, Portugal is a great compromise—closer to family but still able to enjoy a great lifestyle and climate.

In Conclusion

So, looking ahead to 2025, the luxury property market in the Algarve is poised for continued growth. The Central Algarve's luxury property market exemplifies Portugal's dynamic real estate landscape, offering unparalleled opportunities for investment and lifestyle. With rising property values, evolving buyer demographics, and a focus on turnkey solutions, family-friendly developments, and sustainability, the region is well-positioned to maintain its status as a premier destination for luxury real estate.

"We are now no longer a team of six hardworking ladies as we were 27 years ago. Although those times were our pioneering days—hard work but much fun—we are now a formidable team of 40 top professionals working from four well-located offices. What we achieve today for our clients is far beyond what we ever imagined when we started 27 years ago. We are exceptionally proud of our achievements to date. We believe we have a 75% market share of the luxury property market in the Golden Triangle, and with this team and our ever-growing links to the international Savills Network, the future is indeed bright. In fact, we feel that things are only really getting started."

Global Real Estate Investment: 2025 and Beyond



Global real estate investment: 2025 and beyond
2025 marks five years since the full onset of the Covid-19 pandemic, a period of significant upheaval and market change. This backdrop of change will continue to define markets, but for the first time in five years, there is more stability, and perhaps more conviction, in the economic outlook. This will put markets on a surer footing, boosting investment and market activity.

With fears of a global recession receding, a soft landing is anticipated. Rising wages, strong employment, and lower inflation are boosting household incomes, creating

a positive cycle of consumer spending, confidence, and investment. Growth momentum is set to shift from the US to Europe, while Asia is set to benefit from a cyclical upturn driven by strong trade growth.

This, coupled with easing financial conditions and interest rate cuts across many regions, is driving global equity markets to record highs, supporting a rebound in real estate activity. We forecast global real estate investment turnover will rise 27% to \$952 billion in 2025. By 2026, this figure will surpass the \$1 trillion mark for the first time since 2022.

Savills Research Published in October 2024



Modern Brand-New Villa in Quinta do Lago | 95086QP



QUINTA DO LAGO



VALE DO LOBO



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