Lisbon Real Estate Market Report 2025

A Comprehensive Analysis for Investors and Buyers

Image source: Real Estate Lisbon

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Executive Summary

The Lisbon real estate market continues to show strong fundamentals in 2025, with steady price growth, excellent rental yields, and ongoing infrastructure development making it an attractive destination for international property investors. Despite changes to the Golden Visa program that have removed real estate investments in major urban areas as a qualifying option, the market has remained resilient, supported by strong demand from both local buyers and international investors.

Key highlights of the current market include:

- 11.2% year-on-year price growth in Grande Lisboa (October 2024)
- Average rental yields between 4.45% and 6.8% depending on property type and location
- Strong performance in neighborhoods like Graça, Chiado, and emerging areas like Beato and Marvila
- Forecast of additional 5% price growth by the end of 2025
- Shift in investment focus from Golden Visa applicants to longer-term investors and lifestyle buyers

This report provides a comprehensive analysis of the Lisbon real estate market, including detailed neighborhood profiles, price trends, investment opportunities, legal framework, tax implications, and future outlook to assist potential investors and buyers in making informed decisions.

Market Overview

Lisbon's property market continues to demonstrate resilience and growth despite global economic challenges. The city's appeal as a European capital with relatively affordable prices compared to other Western European capitals, excellent quality of life, and favorable climate continues to attract both domestic and international buyers.

Current Market Conditions

In 2024-2025, Lisbon's property market is characterized by:

- Strong price growth across most neighborhoods
- Increasing rental values, particularly in central areas
- Limited housing supply compared to growing demand
- Expanding interest from non-traditional investor markets, including Asia
- Ongoing urban renewal projects transforming previously overlooked areas

Market Drivers

Several factors are currently driving Lisbon's property market:

Demand Factors

- Tourism recovery post-pandemic
- Digital nomad and remote worker influx
- Growing student population (17% increase from 2019 to 2023)
- Expatriate relocation
- Rising senior population seeking quality housing
- International investment from Europe, Americas, and increasingly Asia

Supply Factors

- Limited new construction in central areas
- Stricter building codes increasing costs
- Urban rehabilitation projects
- Conversion of properties to short-term rentals
- Infrastructure improvements in previously less-desirable areas
- Rising construction costs affecting affordability

Despite the elimination of real estate as a qualifying investment for the Golden Visa program, foreign interest in Lisbon's property market remains strong, with buyers now motivated more by long-term investment potential, quality of life, and personal use rather than residency benefits.

Source: Global Property Guide, Investropa

Price Trends and Forecasts

Historical Price Development

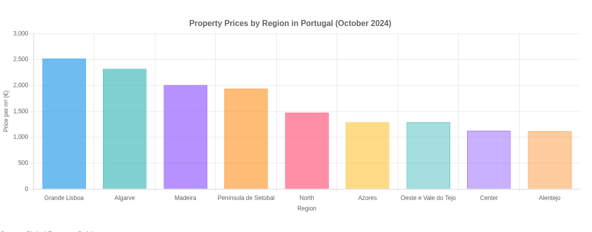
Lisbon's property market has experienced consistent growth in recent years, with prices rising steadily since recovery from the global financial crisis. According to data from the National Institute of Statistics (INE Portugal) and market analyses, property prices in Lisbon have shown the following trajectory:

Year	Price per m²	Annual Growth
2020	€2,850	-
2021	€3,238	13.6%
2022	€3,625	12.0%
2023	€4,013	10.7%
2024	€4,400	9.6%
2025 (Projected)	€4,620	5.0%

Sources: INE Portugal (2020-2023), Idealista (2024), Real Estate Lisbon projections (2025)

Regional Price Comparison (October 2024)

Grande Lisboa continues to command the highest property prices in Portugal, with significant variations across regions:



Source: Global Property Guide

Price Growth Analysis

The year-on-year price growth across Portugal's regions shows varying patterns:

- **Grande Lisboa:** 11.2% (8.7% real growth after inflation)
- **North:** 13.2% (10.7% real growth)
- **Center:** 8.8% (6.3% real growth)
- **Oeste e Vale do Tejo:** 13.0% (10.4% real growth)
- **Península de Setúbal:** 11.3% (8.7% real growth)
- **Alentejo:** 4.5% (2.1% real growth)
- **Algarve:** 10.1% (7.6% real growth)
- **Azores Islands:** 7.2% (4.8% real growth)
- **Madeira:** 17.4% (14.7% real growth)

2025 Forecast

Based on current trends and expert analysis, the Lisbon property market is expected to continue growing, albeit at a more moderate pace:

- Projected price growth of 5% for 2025
- Central Lisbon neighborhoods likely to see higher growth due to supply constraints
- Emerging areas like Beato and Marvila expected to outperform market averages as development continues
- Luxury market may experience a slight moderation as supply catches up with demand
- Rental prices expected to continue rising, particularly for long-term rentals

These forecasts are supported by various market indicators, including transaction volumes, mortgage approvals, and housing starts, all of which signal continued demand despite global economic uncertainties.

Sources: Investropa, CBRE Portugal Real Estate Market Outlook 2025

Neighborhood Analysis

Lisbon offers diverse neighborhoods, each with distinct characteristics, price points, and investment potential. Understanding these differences is crucial for investors and buyers seeking the right location for their objectives.

Historic Central Neighborhoods

Alfama

The oldest neighborhood in Lisbon with Moorish roots, characterized by narrow cobblestone streets and traditional houses.

Average Price: €6,791/m²

Best For: Short-term rentals, authentic historical experience

Challenges: Limited vehicle access, older buildings requiring rehabilitation

Baixa

Lisbon's downtown commercial heart with grand architecture and major tourist attractions.

Average Price: €7,500/m²

Best For: Short-term rentals, commercial investments

Challenges: Tourist crowds, high demand driving prices

Chiado

Sophisticated cultural center with high-end retail, theaters, and literary heritage.

Average Price: €6,791/m²

Best For: Luxury apartments, retail investments

Challenges: Limited availability of properties, premium prices

Bairro Alto

Bohemian quarter known for nightlife, bars, and restaurants.

Average Price: €7,364/m²

Best For: Short-term rentals, young professionals

Challenges: Noise levels, older buildings requiring updates

Upscale Residential Areas

Príncipe Real

Trendy, upscale district with elegant 19th-century mansions and gardens.

Average Price: €7,364/m²

Best For: Luxury residential, upscale rentals

Challenges: Limited parking, high entry prices

Avenidas Novas

Modern urban area with wide boulevards, multinational offices, and high-end shopping.

Average Price: €7,073/m²

Best For: Family residences, professional rentals

Challenges: Less historical charm than older neighborhoods

Campo de Ourique & Estrela

Family-friendly residential area with local shops, cafés, and the beautiful Estrela Park.

Average Price: €7,200/m²

Best For: Long-term family residences

Challenges: Limited nightlife, farther from main tourist attractions

Up-and-Coming Areas

Graça

Authentic neighborhood with impressive viewpoints and local atmosphere.

Average Price: €3,000-6,000/m²

Best For: Value appreciation, authentic living

Challenges: Steep hills, limited public transportation

Alcântara

Former industrial area transforming into creative hub with river views.

Average Price: €7,493/m²

Best For: Long-term growth potential, converted industrial spaces

Challenges: Still undergoing transformation, uneven development

Beato

Emerging tech hub with innovation centers and industrial reconversion.

Average Price: Rising rapidly from lower base

Best For: Early-stage investment, potential appreciation

Challenges: Still developing infrastructure and amenities

Marvila

Former industrial zone becoming a vibrant arts district with new co-working spaces.

Average Price: Lower than city average but rising

Best For: Young professionals, early investors

Challenges: Patchy development, transitional character

Modern Developments

Parque das Nações

Contemporary waterfront district built for Expo '98 with modern architecture and amenities.

Average Price: €5,965/m²

Best For: Modern living, families, corporate accommodation

Challenges: Less historical character, corporate atmosphere

Santos

Creative district with design schools, galleries, and riverside restaurants.

Average Price: €7,019/m²

Best For: Young professionals, creative industries

Challenges: Uneven development across the area

Belém

Cultural district with UNESCO World Heritage sites and museums.

Average Price: €7,914/m²

Best For: Luxury homes, proximity to cultural attractions

Challenges: Tourist congestion, premium pricing

Neighborhood Selection by Buyer Profile

Buyer Profile	Recommended Neighborhoods	Key Considerations
Families	Alvalade, Avenidas Novas, Campo de Ourique & Estrela	Green spaces, schools, safety, residential amenities
Young Professionals	Santos, Marvila, Beato, Alcântara	Connectivity, nightlife, co-working, urban atmosphere
Short-term Rental Investors	Alfama, Baixa, Chiado, Bairro Alto	Tourist appeal, historic charm, walkability
Long-term Rental Investors	Avenidas Novas, Alvalade, Parque das Nações	Stability, professional tenants, lower turnover
Value Investors	Graça, Beato, Marvila	Growth potential, regeneration areas, lower entry prices
Luxury Buyers	Principe Real, Chiado, Belém	Exclusivity, prestige addresses, high-end amenities

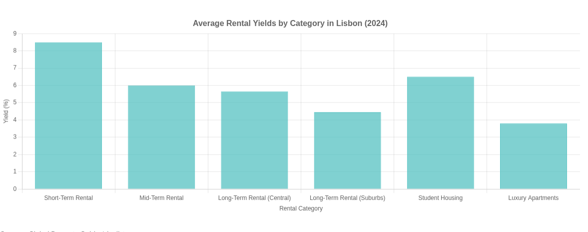
Source: Global Citizen Solutions

Investment Opportunities

Lisbon offers a range of investment opportunities catering to different strategies, risk profiles, and budget levels. Understanding the performance metrics and potential returns is essential for investors to make informed decisions.

Rental Yields Analysis

Rental yields in Lisbon vary by location, property type, and rental strategy:



Sources: Global Property Guide, Idealista

Investment Strategies

Short-Term Rental

Gross Yield: 7-10%

Best Locations: Alfama, Baixa, Chiado, Bairro Alto

Key Considerations:

- Higher management intensity
- Seasonal fluctuations in occupancy
- Licensing requirements (Alojamento Local)
- Higher wear and tear
- Potential for regulatory changes limiting licenses

Long-Term Rental

Gross Yield: 4-6%

Best Locations: Avenidas Novas, Alvalade, Campo de Ourique

Key Considerations:

- More stable income
- Lower management intensity
- Tenant protections under Portuguese law
- Rising demand from professionals and students
- Government incentives for affordable housing provision

Mid-Term Rental

Gross Yield: 5-7%

Best Locations: Santos, Alcântara, Estrela

Target Market: Digital nomads, visiting professionals, exchange students

Key Considerations:

- Growing segment with increasing demand
- Balances higher yields with lower management intensity
- Typically furnished apartments with utilities included
- 3-12 month rental periods
- Fewer regulatory hurdles than short-term rentals

Value-Add Investments

Target ROI: 15-25% upon sale after renovation

Best Locations: Graça, Mouraria, Beato, Marvila

Key Considerations:

- Buildings requiring rehabilitation
- Understanding of local construction market and permissions
- Higher initial capital requirements
- Potential for significant capital appreciation
- Tax benefits for rehabilitation projects
- Availability of specialized rehabilitation loans

Student Housing

With student enrollment in Lisbon universities increasing by 17% from 2019 to 2023 (reaching 147,066 students) and a significant shortage of purpose-built student accommodation, this sector presents a growing opportunity for investors. Key areas close to major universities include:

- City University (Cidade Universitária): Alvalade, Entrecampos
- Nova School of Business and Economics: Carcavelos
- ISCTE: Entrecampos
- Catholic University: Campolide

Student housing investments typically yield 5-8% with high occupancy rates and lower seasonality than tourism-oriented rentals.

New vs. Existing Construction

Aspect	New Developments	Existing Buildings
Initial Cost	Higher per m²	Lower per m² but potential renovation costs
Energy Efficiency	Superior (A/A+/B ratings)	Variable, often lower (C-F ratings)
Maintenance	Lower short-term costs	Potentially higher maintenance costs
Location	Often in emerging areas	More options in historic center
Appreciation	Dependent on area development	Potential for higher appreciation with renovation
Character	Modern amenities, parking	Historical features, unique character

Investment Risks

- **Market saturation:** Particularly in short-term rental market in tourist-heavy areas
- **Regulatory changes:** Potential further restrictions on short-term rentals and foreign investment
- **Currency fluctuations:** For non-Euro investors
- **Interest rate environment:** Rising rates increase financing costs
- **Property tax changes:** Potential for adjustments to IMI and AIMI rates
- **Construction delays:** For off-plan purchases
- **Tourism dependency:** Portions of the market remain sensitive to tourism fluctuations

Sources: Savills Portugal, Bleisured

Legal Framework for Foreign Buyers

Portugal offers an open and welcoming environment for foreign real estate investors, with relatively straightforward procedures and no restrictions based on nationality.

Property Ownership Rights

Foreign investors enjoy the same property ownership rights as Portuguese citizens, with no restrictions on:

- Property types (residential, commercial, land)
- Number of properties owned
- Value of investments
- Full freehold ownership rights

There is no requirement to be a resident or citizenship holder to purchase property in Portugal.

Essential Documents and Requirements

Before initiating a property purchase, foreign buyers must obtain:

NIF (Número de Identificação Fiscal)

A Portuguese tax identification number, essential for all property transactions.

How to obtain:

- EU citizens: In person at Finanças (tax office), or via an appointed tax representative
- Non-EU citizens: Must appoint a fiscal representative (lawyer, accountant, or specialized firm)

Required documents: Passport, proof of address, completed application form

Portuguese Bank Account

While not legally required, a local bank account significantly simplifies transactions and tax payments.

Required documents: Passport, NIF, proof of address, proof of income

Property Purchase Process

1. Property Search and Selection

- Identify target neighborhoods and property types
- Work with real estate agents or property finders
- Conduct viewings (in person or virtual)
- Perform preliminary due diligence

2. Legal Due Diligence

- Engage a lawyer or solicitor
- Verify property documentation
- Check for liens, encumbrances, or debts
- Review condominium status (if applicable)
- Verify legal status and permits

3. Negotiation and Reservation

- Submit offer and negotiate price
- Agree on payment terms and conditions
- Pay reservation fee (typically €5,000-€10,000)
- Sign reservation agreement

4. Promissory Contract (CPCV)

- Sign Contrato-Promessa de Compra e Venda
- Pay deposit (typically 10-30% of purchase price)
- Contract includes penalties for breach by either party
- Sets closing date for final deed

5. Financing (if applicable)

- Apply for mortgage with Portuguese banks
- Submit required documentation
- Bank conducts property appraisal
- Loan approval and terms confirmation

6. Final Deed (Escritura)

- Sign final deed before notary
- Pay remaining balance and applicable taxes
- Receive property keys
- Property registration with land registry

Legal Representation

While not legally required, engaging a qualified lawyer is highly recommended for foreign buyers to navigate the Portuguese property market. A lawyer will typically:

- Conduct thorough due diligence on the property
- Review and draft contracts
- Represent buyer in negotiations
- Ensure all legal requirements are met
- Assist with tax obligations
- Handle property registration

Legal fees typically range from €1,500 to €3,000, depending on the complexity of the transaction.

Financing Options

Non-resident buyers can obtain mortgages from Portuguese banks, though terms differ from those offered to residents:

- **Loan-to-value ratio:** Up to 70% for non-residents (vs. up to 80% for residents)
- **Term:** Up to 25 years for non-residents (vs. up to 30 years for residents)
- **Interest rates:** Variable or fixed, typically higher for non-residents
- **Required documentation:** Income proof, credit history, tax returns
- **Life insurance:** Mandatory when obtaining a mortgage

Source: Global Citizen Solutions

Tax Implications

Understanding the Portuguese tax system is essential for foreign property investors to accurately assess the total cost of property ownership and potential returns.

Acquisition Taxes

IMT (Property Transfer Tax)

A municipal tax on property transfers, with rates varying by property type and value:

Property Value (€)	Residential (Primary Residence)	Residential (Secondary Residence)
Up to €92,407	0%	1%
€92,407 - €126,403	2%	2%
€126,403 - €172,348	5%	5%
€172,348 - €287,213	7%	7%
€287,213 - €574,323	8%	8%
€574,323 - €1,000,000	6%	6%
Over €1,000,000	7.5%	7.5%

Notes:

- Non-residential property is taxed at a flat rate of 6.5%
- Rural properties are taxed at 5%
- Properties purchased by entities in tax havens: 10%

Stamp Duty (Imposto do Selo)

Applied to various documents, acts, and contracts:

- 0.8% on property purchase price
- Additional 0.5-0.6% on mortgage loans

Annual Property Taxes

IMI (Annual Property Tax)

Annual municipal property tax based on the property's tax registration value (VPT):

- Urban properties: 0.3% - 0.45% (varies by municipality)
- Rural properties: 0.8%
- Properties owned by entities in tax havens: 7.5%

Payable in:

- Single installment (May) if IMI ≤ €100
- Two installments (May and November) if IMI between €100 and €500
- Three installments (May, August, and November) if IMI > €500

AIMI (Additional Property Tax)

A wealth tax on high-value property holdings:

- Applies to properties with combined VPT over €600,000
- Individual owners: 0.7% on values between €600,000 and €1 million; 1% on values between €1-2 million; 1.5% above €2 million
- Married couples/civil partners: threshold increases to €1.2 million
- Companies: flat rate of 0.4% on total property value (7.5% if registered in tax havens)

Rental Income Taxation

For Non-Residents

- Flat rate of 15% on net rental income
- Withheld at source by tenants or property managers
- Expenses may be deducted from gross rental income
- Annual income tax return required
- Subject to international tax treaties

For Residents

- Rental income added to global income and taxed at progressive rates (14.5% to 48%)
- Option for simplified regime (15% flat rate) available
- Various deductible expenses
- Annual income tax return required

Capital Gains Tax

For Non-Residents

- Flat rate of 28% on the entire capital gain
- Limited deductions for improvement expenses (documented by invoices)
- No inflation adjustment or primary residence exemptions
- Must file Portuguese tax return in the year following the sale
- May be subject to double taxation treaties

For Residents

- 50% of gain added to other income and taxed at progressive rates (14.5% to 48%)
- Exemptions available for reinvestment in primary residence
- Adjustment for inflation for properties held over 2 years
- Deductions for documented improvement expenses

Tax Planning Considerations

- **Property holding structures:** Different tax implications for individual vs. corporate ownership
- **Residency status:** Non-Habitual Resident (NHR) scheme offers tax advantages for new residents
- **Double taxation treaties:** Portugal has treaties with many countries to prevent double taxation
- **Urban rehabilitation incentives:** Tax benefits for properties in designated urban rehabilitation areas
- **Inheritance planning:** Portugal has no inheritance tax between close family members
- **VAT recovery:** Potential for VAT recovery on certain commercial properties

Sources: Get Golden Visa, Tagus Property

Golden Visa Program Changes

Portugal's Golden Visa program has been a significant driver of foreign investment in the real estate market since its introduction in 2012. However, recent changes have substantially altered its structure and impact on the property market.

Key Changes to the Program

The most significant changes to Portugal's Golden Visa program came into effect in January 2022, with further updates in October 2023 and February 2024:

Real Estate Investment Route

Current Status: Real estate investments are no longer eligible for Golden Visa applications as of February 2024.

Previous Requirements:

- €500,000 for standard residential or commercial property in eligible areas
- €350,000 for rehabilitation projects or properties in urban regeneration areas
- From January 2022 until February 2024, properties in Lisbon, Porto, and coastal areas were excluded

Alternative Investment Options

Current available pathways:

- **Capital transfer:** Increased from €1 million to €1.5 million
- **Investment funds:** Increased from €350,000 to €500,000
- **Research and development:** Increased from €350,000 to €500,000
- **Company incorporation/job creation:** €500,000 investment creating at least 5 jobs
- **Cultural contribution:** €250,000 (unchanged)
- **Business creation:** Creating 10 jobs (unchanged)

Impact on Lisbon's Real Estate Market

The elimination of the real estate route for Golden Visas has had several effects on Lisbon's property market:

Immediate Market Impact

- Reduction in demand for luxury properties specifically aimed at Golden Visa investors
- Shift in buyer demographics toward genuine end-users and lifestyle purchasers
- Slight moderation of luxury property price growth in some segments
- More normalized negotiation processes with less competition from visa-motivated buyers

Long-term Market Outlook

- Continued demand based on Lisbon's fundamental attractions rather than visa opportunities
- More sustainable price growth driven by genuine market demand
- Potential shift in development focus from luxury investments to mid-market and rentals
- Greater emphasis on property fundamentals and rental yields
- Increased interest in alternative Portuguese cities previously overshadowed by Lisbon

Alternative Residency Pathways

For foreign investors seeking residency options alongside property investment, several alternatives to the Golden Visa exist:

- **D7 Visa:** For individuals with sufficient passive income (pensions, rentals, dividends)
- **D2 Visa:** For entrepreneurs and business owners
- **Digital Nomad Visa:** For remote workers with foreign income sources
- **Fund investment:** For those still interested in the Golden Visa program but through investment funds rather than direct real estate

Source: Get Golden Visa

Future Market Outlook

The Lisbon real estate market's future outlook is shaped by a combination of economic, demographic, regulatory, and development factors. Understanding these trends is essential for investors making long-term decisions.

Market Growth Forecast

Expert analyses and market indicators point to continued growth in the Lisbon property market:

- Projected price growth of 5% for 2025, moderating from the 9-11% seen in recent years
- Rental values expected to continue rising due to supply-demand imbalances
- Transaction volumes forecasted to remain stable or increase slightly
- Investment volume expected to grow by up to 15% compared to 2023

Key Trends Shaping the Future Market

1. Demographic Shifts

- Aging population (average age in Lisbon risen from 41.1 in 2011 to 45 in 2023)
- Increasing international student numbers
- Growing expatriate and digital nomad communities
- Diversification of foreign investor profile (increasing Asian investment)

2. Urban Development

- Emerging tech and innovation districts (Hub Criativo do Beato)
- Continued rehabilitation of historic neighborhoods
- New infrastructure projects improving connectivity
- Conversion of underutilized buildings to mixed-use developments

3. Changing Investor Priorities

- Greater focus on rental yields over capital appreciation
- Increased interest in sustainable and energy-efficient properties
- Rising demand for properties with remote work amenities
- Growing appeal of community-oriented and shared living spaces

Emerging Neighborhoods

Several areas are positioned for significant growth and transformation in the coming years:

- **Beato:** Emerging tech hub with the Hub Criativo do Beato project transforming 35,000 square meters of former factory space into innovation centers and offices, including partnerships between Instituto Superior Técnico and Carnegie Mellon University
- **Marvila:** Former industrial zone becoming a vibrant arts district with galleries, co-working spaces, and affordable housing attracting young professionals and creative industries
- **Graça:** Ongoing gentrification bringing new amenities while maintaining authentic character, with potential for continued price appreciation
- **Campo de Ourique:** Growing appeal due to its village-like atmosphere and recent urban renewal projects like the Vila Ourique redevelopment and Ciro19 condominium

Development Pipeline

Lisbon is experiencing a significant wave of new developments and urban rehabilitation projects:

- Around 900 new residential units expected to enter the market during 2025
- Focus on mid to high-end properties with improved energy efficiency
- Mixed-use developments combining residential, commercial, and hospitality components
- Emphasis on smart building technology and sustainable features
- Increased development activity in peripheral areas with good transport connections

Potential Challenges and Risks

- **Affordability concerns:** Local residents being priced out of desirable areas
- **Policy responses:** Potential for more restrictive policies on foreign ownership or short-term rentals
- **Interest rate environment:** Impact on mortgage affordability and investment returns
- **Tourism dependency:** Vulnerability to external shocks affecting tourism demand
- **Construction costs:** Rising material and labor costs affecting development profitability
- **Global economic uncertainty:** Potential impact on foreign investment flows

Long-term Outlook

Despite potential challenges, Lisbon's property market fundamentals remain strong for the long term:

- Continuing international appeal as a lifestyle destination
- Strong demographic support from both domestic and international demand
- Relatively affordable compared to other European capitals
- Ongoing infrastructure improvements enhancing livability
- Political stability and favorable tax environment for foreign residents
- Diversification of economy beyond tourism into tech and creative sectors

Sources: Investropa, CBRE, LinkedIn Market Overview

Helpful Resources

Find Legitimate Professionals

- Real Estate Lisbon - Comprehensive services for property buyers in Lisbon

Legal Resources

- Instituto dos Registos e do Notariado - Property registry information
- Portal das Finanças - Tax information and NIF application
- ePortugal - Official portal for public services

Market Data Sources

- Instituto Nacional de Estatística - Official statistics on property prices and transactions
- Confidencial Imobiliário - Real estate market indices and reports
- Idealista - Property listings and market reports

Immigration and Residency

- Serviço de Estrangeiros e Fronteiras (SEF) - Immigration and visa information
- SAPA Portal - Application platform for residence permits
- Global Citizen Solutions - Residency and citizenship planning

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