

WHY**PORTUGAL** 2026

INVESTING IN REAL ESTATE

MACEDO VITORINO

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- CORPORATE AND ACQUISITION FINANCE
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- EMPLOYMENT
- FOREIGN INVESTMENT, MERGERS & ACQUISITIONS AND PRIVATISATIONS
- REAL ESTATE ACQUISITION AND DISPOSAL
- TAX

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1. INTRODUCTION

Portugal is now one of the preferred destinations of many international investors and foreign high-net-worth individuals wishing to invest in world class real estate opportunities. This is because Portugal offers a welcoming business environment and investment opportunities in a wide variety of sectors, office, commercial and residential buildings as well as in agro-industries and tourism.

Portugal is a country located in the southwestern Europe, enjoying a prime location, good climate and an immense natural beauty from sandy beaches and cliffs along the Atlantic Coast to mountains in the country's inland.

Portugal is a member state of the European Union, an economic and political bloc grouping 27 European countries and is, as a whole, the world's second-largest economy after the United States.

With a lower cost of living than most of Western Europe and a good quality of life, Portugal is well suited for families, modern investors, businesspeople and retirees.

Portugal enjoys a high level of security compared to most countries worldwide, including those in Western Europe. According to the Global Peace Index, Portugal ranks 7th globally and 6th in Europe[1]. This index assesses "global peace" based on three main criteria: societal safety and security, the extent of domestic and international conflict, and the degree of militarisation.

This briefing describes the various legal and practical aspects of investing in the Portuguese real estate market, such as the nature of property rights, the acquisition of property, the structuring vehicles and tax issues.

Other key information concerning the most relevant aspects about doing business or working in Portugal is available at www.macedovitorino.com/en/Why-Portugal. The «Why Portugal» webpage contains a description of the main aspects that concern businesses and individuals investing in Portugal, including: how to set up a business;

[1] IEP 2026 Global Peace Index

forms of investment incentives and government grants; getting a Portuguese residence permit or a golden visa; hiring employees, employers' obligations and rules concerning the dismissal of employees; real estate; taxation in Portugal, including income taxes, VAT and property taxes; intellectual property protection, software, patents, trademarks and technology; and the Portuguese judicial system and of the main steps and costs of lawsuits.

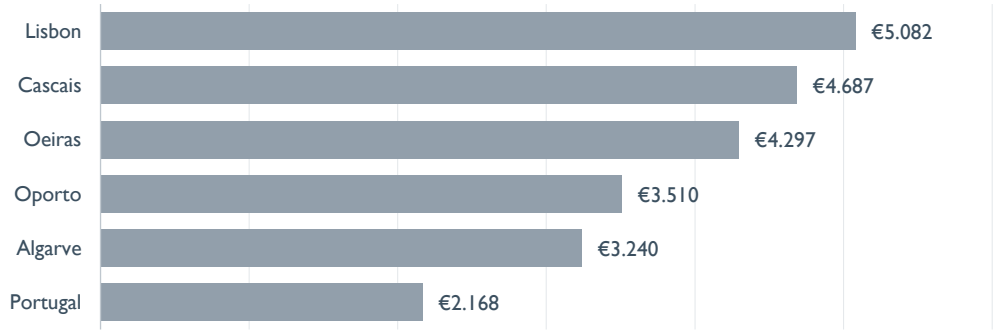
2. MARKET OVERVIEW

The Portuguese real estate market continues to attract many local and international investors, as well as foreign nationals who wish to move to Portugal.

According to the National Institute of Statistics (INE), Portugal's statistical authority, the median value of residential property sales in Portugal reached €2,168 per square metre in the first quarter of 2026. In the second quarter of 2026, 40,142 residential property transactions were recorded, 6.4% fewer than in the same period of 2025. House prices continued to rise, however, with the House Price Index increasing by 16.5% year-on-year and the total value of residential property transactions reaching €10.7 billion, up 4.2%.

The average price per square meter in the metropolitan area of Porto was, in the first quarter of 2026, at €3,510, while prices in the Lisbon area were set even higher, at €5,082[2].

CHART 1. MEDIAN HOUSE SALE PRICE, IN €/M² (12 MONTHS TO MARCH 2026)



Source: INE, Local House Price Statistics, 1st Quarter of 2026

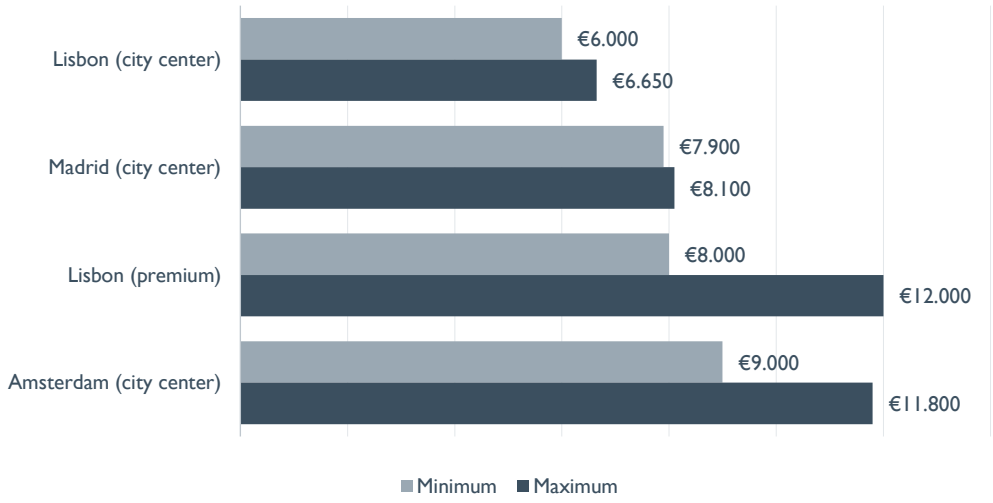
Lisbon remains one of Western Europe's more affordable capitals for housing, despite a steady rise in property values.

[2] INE, House prices increased by 16.5% and the number of transactions decreased by 6.4% – 2nd Quarter of 2026.

The average price of residential property in Lisbon exceeded €5,000/m² in 2025 and, in central parishes such as Santo António, Avenidas Novas and Campo de Ourique, average prices ranged from €6,000/m² to €6,650/m². In the city's most exclusive segment, prices can reach €8,000 to €12,000/m².[3]

Even in the premium segment, these prices are in line with or below those seen in central areas of European cities such as Amsterdam and Madrid, where residential property prices are around €9,000–€11,800/m² and €7,900–€8,100/m², respectively[4].

CHART 2. HOUSE PRICES IN LISBON, MADRID AND AMSTERDAM IN €/M²



Source: Market reports cited in the preceding footnotes (2025-2026).

Nationwide, Portugal's housing market has shown robust growth, fuelled by increased foreign investment and a thriving tourism sector.

Portugal's real estate investment market in 2025 and 2026 shows robust growth in the hotel and retail sectors and a renewed momentum in logistics fuelled by economic growth, falling interest rates, and a market-wide focus on sustainability and prime asset quality, leading to increased number of transactions and higher values.

[3] Lisbon House Prices Rise 18.2% in 2025, Exceeding €5,000/m² for the First Time

[4] Price per m² in Amsterdam (2026) – Updated Data | SQMData; Price per square feets/square meters in Madrid

According to CBRE, overall investment volume is projected to reach €2.4 billion in 2026, an 11% year-on-year decrease. [5]

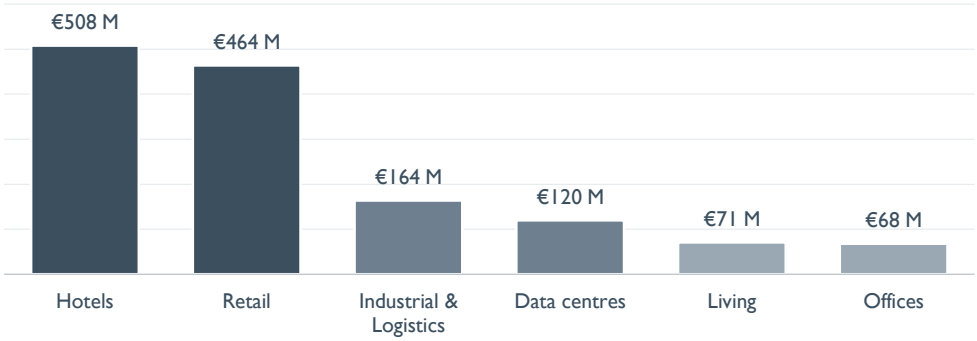
In the first half of 2026, commercial real estate investment reached €1.40 billion, up 14% year-on-year. Foreign investors, particularly from France and the UK, accounted for 61% of total investment.[6]

Hotels and retail accounted for 69% of investment in the first half of 2026. Logistics investment increased by 48%, while office investment fell by 49%. Data centres attracted €120 million in investment and are beginning to establish themselves as a standalone asset class.

Lisbon continues to dominate investment flows, capturing 54% of volumes, followed by Porto at 7%.

The hotel and retail sectors will continue to attract the largest capital flows, with office and logistics also seeing an upward trend due to occupational demand and modernisation pressures.

CHART 3. COMMERCIAL REAL ESTATE INVESTMENT BY SECTOR, H1 2026 (€1.40 BILLION)



Source: Savills Portugal, Capital Markets H1 2026. Figures in millions of euros.

Local Lodging (*Alojamento Local*), promoted through platforms like Airbnb, has become an increasingly popular trend in Portugal.

[5] CBRE Portugal Real Estate Market Outlook 2026

[6] Savills, Commercial real estate investment in Portugal rises 14% to €1.4 billion in the first half of 2026

Before 2024, Local Lodging operators were subject to an extraordinary contribution (a special tax) that imposed a significant financial burden on hosts. Additionally, municipalities had limited power to control where and how Local Lodging could grow.

In 2024, the legal framework for Local Lodging was revised to address these issues. The extraordinary contribution (special tax) was revoked, and municipalities were given greater decision-making power to better manage Local Lodging locally.

Municipalities can now designate containment areas where new Local Lodging registrations are restricted and set specific conditions and limits for new registrations. Although national restrictions on transferring Local Lodging registrations were lifted, some municipalities may still impose transfer limits on certain registrations.

Furthermore, approval from the condominium owners' assembly (*assembleia de condóminos*) is only required for installing hostels within individual units, simplifying regulations for most Local Lodging operations.

3. PROPERTY RIGHTS

3.1. GENERAL ASPECTS

Like in other civil law countries, there are two types of property rights under Portuguese law:

- rights *in rem* (*direitos reais*) which can be enforced against any third party or entity; and
- rights *in personam* (*direitos pessoais*) which can only be enforced against the person (individual or legal entity) with whom a contract obligation exists.

Rights in rem, as defined in the Portuguese Civil Code and other relevant legislation, are limited to those explicitly recognised by law and include property and property-like interests. Rights in rem must be created, mortgaged, or transferred through a deed executed before a Portuguese notary or attorney and must be registered with the land register.

In contrast, rights in personam, such as lease agreements and other usage rights, generally do not require registration with the land register, although certain leases can be registered, e.g. leases exceeding a duration of 6 years. As a rule, these rights can be created or transferred via contract.

Public records of properties, including registrations of acquisitions, mortgages, and other liens or encumbrances on immovable assets, including registered leases, are accessible online, and such registrations can be filed digitally.

3.2. RIGHTS *IN REM*

The most important forms of property interests in Portugal are:

- **Freehold (*direito de propriedade*)**. Freehold gives the owner the right to use, exploit and dispose of a certain immovable asset. These rights include the right to build on a property subject to the applicable licensing requirements and planning restrictions.

- **Joint ownership (*compropriedade*)**. It is possible for more than one person to own a property, where each owns an intangible share of the property. Each co-owner can dispose of her/his share of the property without the consent of the other co-owner(s), who have right of preferred acquisition.

- **Commonhold ownership (*propriedade horizontal*)**. Portuguese law allows buildings or building developments to be divided into units (*frações autónomas*) where each unit, which may be a store, an apartment or an office, is owned by a single owner and the common areas of the building, including the staircases, outside area, roof, etc., are co-owned by the owners of the building's units. The owners together constitute the community of owners of the commonly owned property. Each owner may freely dispose of or encumber her/his unit of the building, including her/his share in the common areas, but the latter cannot be disposed of or encumbered separately.

- **Building rights (*direito de superfície*)**. Building rights give their holders the right to construct and maintain a building or plantation on a property. The building right may be temporary or permanent.

- **Usufruct (*direito de usufruto*)**. Usufruct rights give their holder the right to use and collect the fruits (*frutos*) of the property, which include rents, crops and other periodic revenues that may be generated by the property.

No property rights or similar rights can be created by contract other than in the manner specified in the law.

3.3. RIGHTS *IN PERSONAM* (LEASE RIGHTS)

The following are the most commonly used rights *in personam* in Portugal in modern legal practice:

- **Lease rights**. Under a lease agreement, the lessor grants the tenant the temporary right to use the leased asset. The tenant is obligated to return the asset upon the expiration of the lease term.

- **Financial lease rights**. Under a financial lease agreement, a bank or leasing company purchases the property selected by the tenant. The tenant is granted the right to use the property or building in exchange for rent payments, with the additional option to acquire the leased asset at the end of the agreement term.

As regards non-financial leases, Portuguese law allows the parties to stipulate the main terms and conditions of leases, such as the rent, rent review conditions, cost allocation, duration, renewal conditions, termination, subject, however, to the statutory limitations applicable to certain matters. For example, the statutory provisions governing the termination of a lease agreement due to a tenant's default are mandatory and may not be varied by the parties.

The parties may stipulate a fixed term for contracts, which will be automatically renewed if none of the parties opposes the renewal of the lease. The maximum term of leases is thirty years. There is no statutory term, and the parties can specify the applicable term. In the absence of a contractual term, the implied statutory term is five years. Typically, leases for office space and stores have a duration of five to ten years.

Whether long or short-term, a written lease agreement is required in order to rent a property in Portugal.

The amount of the rent can usually be freely agreed upon between the parties, with the exception of low-cost housing. The rent is usually payable monthly, but different payment terms may be agreed upon. Rent-free periods are common in store, office and factory leases. In most contracts, rents are updated annually in accordance with the consumer price index (excluding housing) published by the National Statistics Institute, INE, but the parties may agree on other criteria for reviewing rents.

Rental costs depend on region and particular neighbourhood and may vary according to the number of bedrooms, standards of a property, and the facilities provided.

Only premises licensed by the relevant municipality may be leased. The purpose of the lease must be in accordance with the relevant use permit.

The transfer of the lessee's position as part of the transfer of a business establishment (*trespasse*) does not require the property owner's consent.

The statutory provisions governing the termination of lease agreements for default are imperative.

Tenants have a preference right in case of sale or transfer in lieu of payment of the property after the second year of the lease agreement.

Eviction of defaulting tenants is enforced through a special eviction procedure (*procedimento especial de despejo*), which is carried out through the National Lease Office (*Balcão Nacional do Arrendamento*).

Leases of stores in shopping centres, retail parks and other similar developments where the owner or manager also provides certain management and operation services to the lessee are not subject to the statutory rules on leases, allowing the parties to freely determine the terms and conditions of the lease, subject only to general contract law rules and principles.

Typically, the main rules on the operation of the development are set out in a regulation approved by the development owner or manager. Rent-free periods, stepped-up rents and rents with variable components are common in shopping centre leases.

The costs of utilities, services, maintenance and improvement works are normally borne by the lessee in the form of common service charges, which include management fees, other common areas-related services and, sometimes, marketing costs.

Service charges are based on the area of the shops leased to each of the tenants in proportion to the overall area of the development.

Although parties are free to agree to the terms and conditions of the lease, it is common for agreements to be set out in standard contracts that are not subject to negotiation.

4. ACQUISITION OF PROPERTY

4.1. FORMALITIES

To purchase a property, it is advisable to verify both the legal status and the actual condition of the property. This requires reviewing the documents that identify the property and confirming the legitimacy of the seller.

CHART 4. STAGES IN PURCHASING A PROPERTY

01	02	03	04	05
Due diligence	**Promissory agreement**	**Provisional registration**	**IMT and stamp duty (*Imposto de Selo*)**	**Deed and registration**
Land registry certificate, title certificate, usage licence and technical datasheet	Deposit of 10% to 20% of the price, treated as part-payment	Valid for six months and renewable; gives priority to the buyer	Payable before ownership is transferred	Public deed or authenticated private document; final registration of the acquisition

Source: Macedo Vitorino, based on sections 3.2 to 3.7.

4.2. LAND REGISTRY CERTIFICATE

The land registry certificate can be requested either in hard copy or in digital format online. It provides information on the composition of the property, the legitimacy of the seller, and any encumbrances that may affect the property, such as mortgages or collateral.

4.3. TITLE CERTIFICATE

The property title certificate may be requested from any tax office (*repartição de finanças*) or through the Tax Authority's online portal (Portal das Finanças) and contains information about the property's tax situation.

4.4. USAGE LICENCE

It certifies the authorised use of the property and may be requested in the City Hall of the district where the property is located.

4.5. PROPERTY TECHNICAL DATASHEET

This document contains information about technical and functional features of a property and may be requested in the City Hall of the district where the property is located.

4.6. PROMISSORY AGREEMENT OF SALE AND PURCHASE

In most cases, the process of buying a property begins with the execution of a promissory sale and purchase agreement. While not mandatory, these agreements are crucial to ensure the sale is completed when the seller cannot deliver the property immediately; for instance the building's construction or renovation has not been completed at the time, the lack of registration of ownership or building and other administrative permits, the property being used by the seller or a tenant, or the buyer not yet having obtained financing.

Once the promissory agreement is executed, typically the buyer makes a down payment to the seller of 10 to 20% of the sale price.

Promissory sale and purchase agreements granted in rem effect, executed by public deed before a notary or by a private document authenticated by a Portuguese lawyer and registered with the Land Registry, take precedence over rights subsequently acquired by third parties over the same property.

It is also common to provisionally register the acquisition, either by declaration of the parties or on the basis of a promissory sale and purchase agreement, particularly where the purchaser obtains financing secured by a mortgage and the bank requires the mortgage to be provisionally registered. This registration is valid for six months and may be renewed for equal periods until one year after the date set by the parties for the execution of the public deed of sale and purchase and gives the purchaser priority if the owner sells the property to a third party.

4.7. DEED OF SALE AND PURCHASE

The purchase of property must be made through a deed of sale and purchase, executed before a notary (*escritura pública*) or a private document authenticated by a Portuguese attorney.

The acquisition of property is subject to municipal property transfer tax (IMT) and stamp duty (*imposto de selo*), which must be paid in advance of the execution of the public deed of purchase, and, when applicable, notary's or lawyers' fees.

Once the sale and purchase deed has been registered, the provisional registration with Land Registry Office, in case it was made after the execution of the promissory agreement, will become definitive. When the promissory sale and purchase agreement has not been registered, the purchaser should register the deed of sale and purchase as soon as possible after execution.

Registrations with Land Registry Office can be carried out online through the website https://www.predialonline.pt/PredialOnline/.

5. STRUCTURING THE ACQUISITION

5.1. OVERVIEW

Investments in property in Portugal may be carried under any of the following structures:

- direct ownership by the investors; and
- indirect ownership by way of the incorporation of a Portuguese or foreign special purpose vehicle ("SPV").

Portuguese SPVs may take one of the following forms:

- a commercial company; and
- a real estate investment undertaking.

5.2. PORTUGUESE COMMERCIAL COMPANIES

Commercial companies, such as quota companies and joint stock companies, are generally suitable for real estate investment.

Historically, joint stock companies were the preferred choice due to tax benefits, as the transfer of their shares did not trigger municipal property transfer tax. However, following amendments to the relevant legislation, public and quota companies are now treated equally, eliminating any tax advantage for joint stock companies.

Nevertheless, for companies with multiple investors, a public limited liability company may still offer corporate advantages. Notably, the transfer of shares is straightforward and does not require registration at the Commercial Registry Office.

5.3. REAL ESTATE INVESTMENT UNDERTAKINGS

The incorporation of collective investment undertakings is increasingly common in Portugal, driven by recent legislative changes. These entities are governed by the provisions of Decree-Law No. 27/2023, dated 28 April 2023, as amended by Decree-Law No. 171/2026 of 26 August.

Collective investment undertakings are classified into two categories:

- Undertakings for Collective Investment in Transferable Securities ("UCITS"); and
- Alternative Investment Undertakings ("AIU"), which include Real Estate AIUs.

Real Estate AIUs can take the form of either:

- an Alternative Investment Fund ("AIF"); or
- an Alternative Investment Company ("AIC").

These entities may be structured as open-ended, closed-ended, or mixed, depending on whether the participation units or shares issued are variable or fixed in number.

Real Estate AIUs are permitted to acquire property rights over immovable assets for purposes such as leasing, resale, or other economic activities. They may also hold shares in real estate companies, subject to specific legal restrictions.

The incorporation of a Real Estate AIU requires authorisation from the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*, "CMVM"). However, in cases of private subscription, a prior notification may suffice, provided that, for an AIC, it is managed by an authorised management company.

In recent years, there has been a significant increase in the number of AICs investing in real estate in Portugal.

AICs are subject to the following rules:

- ***Legal Form.*** AICs must be incorporated as a public limited liability company.
- ***Management***. AICs may be either self-managed or managed by an authorised management company.

- ***Minimum Capitalisation Requirements***. If management is not delegated to a management company, the AIC must comply with specific managing and minimum capitalisation requirements. AICs must be established with a minimum share capital of €50,000 if managed by a management company, or €300,000 if self-managed. The share capital must be represented by nominative shares.
- ***Main Centre of Business***. AICs registered in Portugal must have its head office located in Portugal and be managed from within the country.

Open-ended Real Estate AIUs are generally subject to corporate income tax, but some specific income streams, such as rental income, real estate capital gains, capital income, and dividends, are exempt from taxation.

Additionally, open-ended Real Estate AIUs benefit from an exemption on municipal property transfer tax.

Real Estate AIUs are liable for stamp duty on their net asset value at a rate of 0.0125%.

Income distributed to investors is taxed as follows:

- resident individuals are taxed at a rate of 28%.
- resident companies are subject to corporate income tax at the applicable rates.
- non-resident investors (both individuals and companies without a permanent establishment in Portugal) are generally subject to a withholding tax at a rate of 10%.

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ABOUT PORTUGAL

TERRITORY, POPULATION AND LANGUAGE

Portugal is situated on the southwest coast of Europe, bordering only Spain. With a land territory of about 92,212 km², Portugal has one of the largest exclusive economic zones in Europe. Its continental shelf extends into the Atlantic, and Portugal has asked the United Nations to recognise an extended platform.

Portugal has an 800-year history, and its European borders have been established for over 500 years.

Portuguese is the official language of nine countries and one of the most widely spoken languages in the world, with more than 260 million speakers in Portugal, Brazil, Angola, Cape Verde, Mozambique, Guinea-Bissau, São Tomé and Príncipe, Timor-Leste and other countries.

POLITICAL SYSTEM

Portugal is a parliamentary republic. The legislative power lies with a national parliament (*Assembleia da República*), with 230 seats. The members of parliament are elected for four-year terms. The Government depends on the parliament's support.

The President of the Republic has limited powers but has the power to dissolve the parliament in extraordinary circumstances.

INTERNATIONAL RELATIONS

Portugal has been a member of the EU since 1986 and is a founding member of the Community of Portuguese-Speaking Countries (CPLP), established in 1996. Portugal is a member of the United Nations, NATO and the OECD.

CURRENCY AND BANKING SYSTEM

Portugal adopted the euro at its launch in 1999, with banknotes and coins in circulation since 2002. Today 21 EU Member States use it, and the euro is the second most traded currency in the world after the US



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