

INVESTING IN LISBON

Market Update





Why Lisbon?

Lisbon is considered to be one of the world's most attractive cities to live and invest in. In 2017, it received the prestigious World Travel Award for best destination of the year and since 2016 plays host to the largest technology conference in the world, Web Summit. The Portuguese capital has many incentives and opportunities for entrepreneurs, besides offering an unbeatable quality of life.

5 reasons to invest



An investor's market

The Portuguese economy has grown steadily since the crisis in 2008 and the real estate market has followed this rhythm. The combination of tax incentives for investors, policies to support new businesses and the wave of regeneration throughout the city have been changing the urban landscape and cultural environment for the better.



Express route to European Citizenship

The Portuguese "Golden Visa" programme allows its subscribers work and temporary residence permits, as well as full usage of the public health and education systems in all countries within the Schengen area. It's a fast track to a European passport via investment in real estate (it takes 6 years) and today over €3.7 billion has been invested in the country through the programme since its launch in 2012, attracting a wave of smart and visionary international investors to Portugal.



Tax Benefits

The extinction of inheritance tax in 2004, plus fiscal benefits for retirees, and low or even no taxation on profits and dividends generated outside of Portugal has brought a new type of immigration to the country. The new wave of "Lisboetas" are qualified professionals looking to have a fantastic quality of life, invest wisely and securely.



Incentives for entrepreneurs

The Portuguese government offers various incentive programs for new businesses. Added to the low cost of living in Lisbon, it's no wonder that the city has been attracting more and more young entrepreneurs, generating a new wave of start ups and businesses, stimulated by the Non Habitual Resident (RNH) fiscal incentives program, one of the most interesting in Europe.



Quality of life

One of the most beautiful cities in the world, Lisbon mixes the traditional and the modern with class and elegance. With great infrastructure, easy access and affordable prices, plus amazing beaches and an average 300 days of sunshine per year and mild temperatures, Lisbon is the perfect place to enjoy life outdoors.



Europe's new tourism heavyweight

Lisbon has never been so trendy. The Portuguese capital, currently enjoying a wave cultural and economic demand, has been attracting visitors from all over the world. In 2017 it received the prestigious World Travel Award as the best city break destination and saw an increase of 22% in tourists visiting the city. With this increase, the demand for rental properties has grown too, whether on a short or long term basis. This dynamic is one of the main reasons so many property investors are currently targeting the city.



22.4m

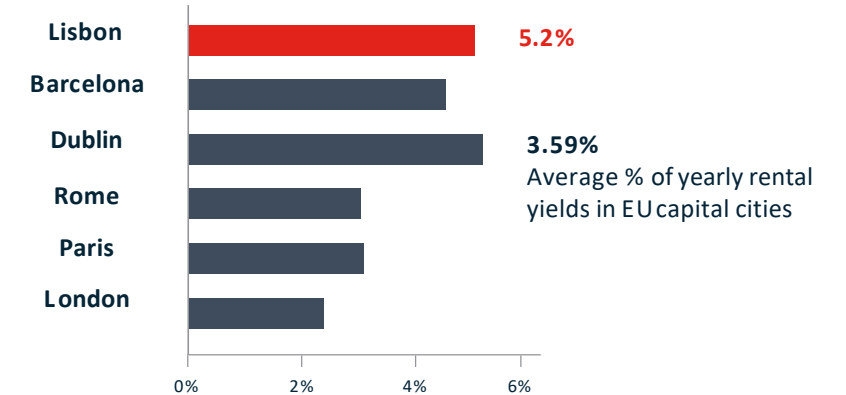
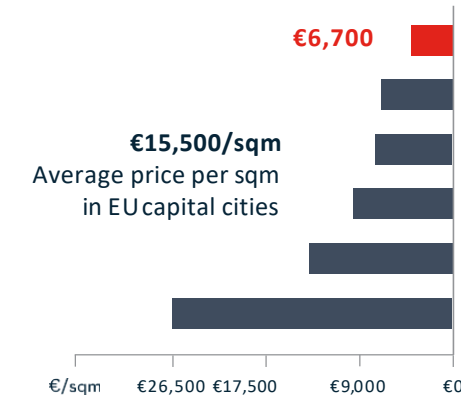
Tourists passed through Lisbon airport in 2017

85%

Average annual occupancy rate for short-term rentals

21%

Increased income for short-term rentals in the last 12 months





Why invest?

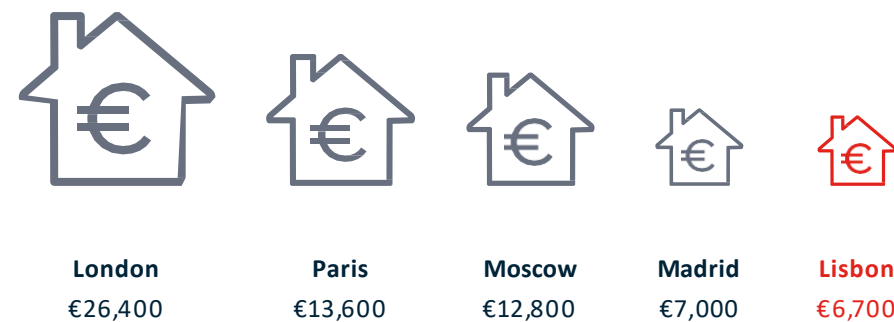
HUGE POTENTIAL FOR CAPITAL GAIN

Prices are rising in Lisbon but well-located properties across the city still have enormous potential for capital gain.

When compared to values in other major European capitals, the average price per sqm in Lisbon is still low, especially considering the continued public and private investment pouring into everything from infrastructure to businesses.

With tourism having risen 22% in the last year, the demand for short-term rentals keeps rising as well as long-term rentals, with five multinational companies due to open offices in Lisbon in the next year.

Price per sqm (average)



1st

European capital for start ups, with 35,000 new companies registered between 2016-2017



5

Multinational companies opening offices in Lisbon in 2018

Golden Visa

One of the most popular residency programmes in Europe, the Portuguese Golden Visa focuses mainly on investment in real estate and has already brought in €3.7bn into Portugal since the programme was launched in 2012. One of the main reasons people apply for this programme is to be able to benefit from freely moving around, living and working in any one of the Schengen countries, as well as having access to their public education and health care systems. Applicants are eligible for a Portuguese passport after 5 years.

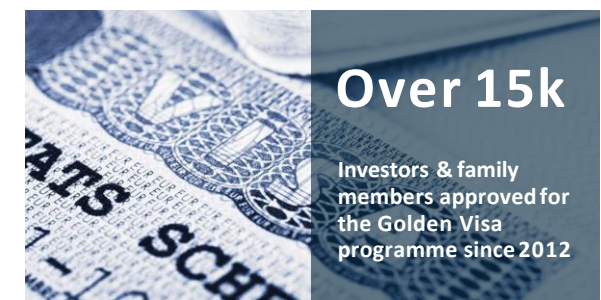
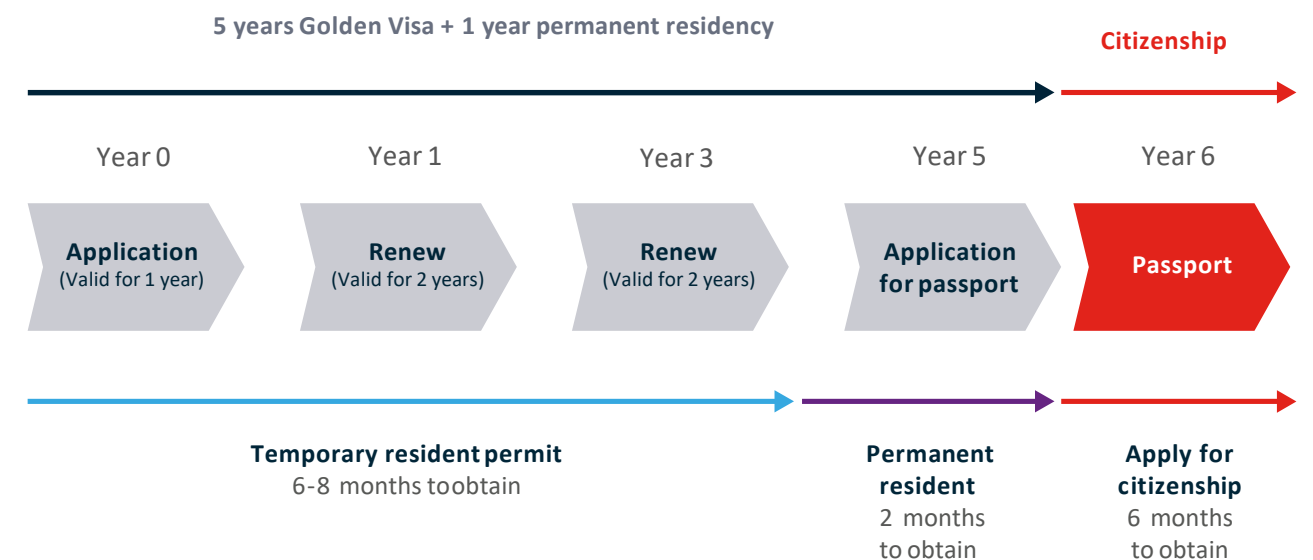


- Possibility of obtaining a Portuguese passport in 6 years
- Right to include your immediate family in the programme
- Spend only 7 days in Portugal in the 1st year and 14 days every two years from the 2nd year onwards

Investment Options

- Minimum investment of €500,000 in real estate
- €1m in capital transfers
- Creation of at least 10 jobs

The process



Over 15k

Investors & family members approved for the Golden Visa programme since 2012



Non-Habitual Resident (RNH) Tax programme

Tax-free living in Portugal: is it really possible? The country's Non-Habitual Residence Program allows those who become fiscal residents in Portugal to benefit from special, reduced rates, or even no taxation at all, on income generated outside the country —such as pensions, profits and dividends —and flat low rates on income generated within Portugal's borders during 10 years of the programme's duration.

- Valid for 10 consecutive years, non-extendable
- Income from abroad —can reach 0% tax*
- Income generated inside Portugal —20-28% flat rate
- Zero taxation —private retirement funds

* conditions to be analysed case by case

Requirements

- Not having been a fiscal resident in Portugal for the previous 5 years
- Proof of residence in the country
- Not spend more than 183 days per year in another country

What you need to know

1. The buying process

The acquisition costs, between taxes, lawyers etc, turn out to be around 8% of the buying value of the property. If buying off plan, you can count on paying 30% of the amount when the contract is signed and the rest in installments during the construction, with the final installment to be paid upon signing the deed.

2. Mortgages

About 70% of the cost of the property can be financed, regardless of nationality or country of residence, with low rates, paid back in up to 40 years.

Simple process



Select your favorite properties



Visit the properties



Reservation and signing of the contract & payment of installments during construction



Deed and final payment



Post sales: decoration, administration and rental, when applicable

Costs

The costs of buying real estate in Portugal are similar to most other European countries. Below we describe the typical costs when buying a property in Lisbon as well as a simulation of purchase.

Acquisition

IMT*

Approx. 6% on the sale price

Stamp Duty

0.8% of the sale price

Office / Registry / Lawyers

Approx. 1% of the property value

Ongoing

IMI*

0.3-0.5% of the market value

Condo

€1-2 per sqm/month

Sale

Tax over profit

(Exempt if reinvested within 3 years —subject to conditions)

21-28%

Inheritance tax 0%

0%

Financing (conditions to be analysed case by case)

- Up to 70%
- Up to 40 years
- Interest rate (fixed/variable) from 1.5% to 2.75%
- Spread: 1.75% to 2.9%

*Possibility of exemption in the case of permanent private dwelling —subject to conditions

Simulation

For a 35 year old employed home owner not residing in Portugal

Buying costs

Property	€500,000
IMT	approx. €28,964.75
Stamp Duty	approx. €4,000
Deed and registration	máximo €2,000
Legal fees maximum	máximo €6,000
Total: €540,964.75	

Financing

Property	€500,000
Amount to be financed	75% (€375,000)
Initial fee	€125,000
Installments: approx. €1,273	
Variable rate: 2.19%	
Spread: 1.65%	
Total amount payable in 35 years approx. €537,000	
IMT	approx. €28,964.75
Stamp duty	approx. €4,000
Deed and notary	maximum €2,000
Legal taxes	maximum €6,000
Total acquisition costs: €40,964.75	

