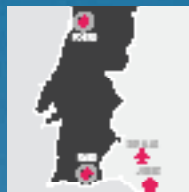




Property



{ 14% }
House-price
rise in Portugal
over the last
five years

Port of call

*Home to the Algarve and numerous sunny golf and beach resorts, this Iberian beauty is beginning to emerge from its neighbour's shadow and enjoy some of the attention it deserves, reports **Shane McGinley***



R

emember back to the dusty days of school science classes and lessons on Isaac Newton – he of the apple-dropping revelations and the world-changing Laws of Motion? Newton's third law states that “for every action, there is an equal and opposite reaction”. In the world of property, down by the sunny Mediterranean on the Iberian Peninsula, we can see Newton's third law in action, as it were. Spain's well-documented recent troubles in the world of property – some dodgy developments and over-saturation – appears to have had the

equally strong reaction of positive press and success in the Portuguese market, which has recently become the darling of major property agents and development companies.

Just check out the data from website OverseasCafe.com, which shows that among its top five most-popular locations for second homes, Portugal is now ranked third, just behind perennial favourites France and Spain – its highest position in years. Similarly, HolidayLettings.co.uk found that last year Portugal moved up into the top five most-popular locations among holidaymakers booking accommodation online. In other

words, perfect for investment opportunities.

Among the property media, Portugal has also garnered some positive accolades. In the UK, ex-real estate agent and presenter of the popular *A Place in the Sun* TV show, Amanda Lamb, put her neck on the line by saying that the Alentejo region in Portugal, which lies southeast of Lisbon, near Spain, is one of the hotspots to watch in 2008. Until recently it just had a domestic airport, but has now been given its own international licence, which means pretty soon flights will begin from the UK, and “when they do it will rocket”, says Lamb.

British TV pundit and overseas property »



developer Gary McCausland, who has just launched his new book, *How to Make a Million from Property*, has also fallen in love with the area, and admits that he has even bought a hotel in Portugal along the relatively undiscovered and unspoilt Silver Coast. "I did TV shows in 10 countries across Europe, and Portugal is a great place for me, as it is comfortably within the Eurozone and has one of the best coastlines in the world. The Silver Coast is ridiculously cheap, the roads and infrastructure are incredible, while the people and culture are great," he says.

Portugal has always had a reputation as the classier and more upmarket alternative to Spain. When I was a child, going to Spain was considered pretty standard, whereas going on holiday to Portugal was looked upon with reverence and a touch of jealousy. When in the area, especially the Algarve, it's hard not to fall over some wealthy expatriate or sports star who, more often than not, is involved in property.

Footballers Frank Stapleton and Steve Bruce have homes in the Algarve, as does Irish former



Facts & Figures

AREA: 92,391 sq km

POPULATION: 10.6 million

CURRENCY: Euro

HOUSE PRICES: Prices rose by 14% in the last five years, and recent price growths have been less than 1%, except in the Algarve area where it is on average 6%.

RENTAL YIELDS: Average yields are about 5.7% in Lisbon, however like price growth the Algarve is producing figures as high as 15%.

AGENTS: The Associação dos Profissionais e Empresas de Mediação Imobiliária de Portugal (APEMIP) is a good source to start looking for agents locally. However, their website is in Portuguese, so for agents outside Portugal try the Association of International Property Professionals (www.aipp.org.uk).

BUYING TIP: As an EU country there are no restrictions on buying property, and once you have found a property you need to hire a lawyer who speaks English and can translate the contract for you, so you know what you are signing.

TAXES: Fees include lawyers, about 2%, registration costs of about 1%, stamp duty of up to 7.5% and a transfer cost of about 10%. Rental income is taxed at 15% and capital gains tax is 25% for foreigners – however, there is a 50% deduction if it is reinvested.

AVERAGE PRICES: In Lisbon the price is about €250,000 for a small apartment, while in the Algarve the entry price is €140,000. But on average, you will pay around €180,000.

Algarving it

For a real slice of luxury, why not check out the white beach houses along the Algarve coast?

Seaman holds his annual celebrity Safe Hands Charity Golf Classic at Parque da Floresta. Richard Neubersch, an agent who has been selling property in the Algarve since 1986 says the market is still very strong despite the global credit crunch. "Prices have not decreased once in 20 years, an amazing phenomenon," he says. "I sold a double plot a year ago for €4m and the same plot today for over €6m."

Portugal has much stricter planning and development regulations than Spain, which has resulted in resorts that are generally more aesthetically pleasing and of a much lower density. But, there are many myths that have developed about investing in Portugal, and a quick look at figures from the *Global Property Guide* instantly dismisses these as just that – myths. Portugal is often seen as expensive to buy in, and as having low rental yields. But the cost per sq m in Portugal is €2,517, and it is one of the cheaper countries in Europe, compared with €18,108 in the UK, €10,014 in France and €5,160 in Spain. In terms of rental yields, it also performs better than it is given credit for, and on average those renting a property in Portugal will make 5.72%, compared with 4.27% in Italy, 4.02% in France and 2.87% in Spain.

One area where the myths hold some truth

though is in price growth. Over the last five years, prices grew in Portugal by just under 14%, compared with 80% in Spain, 74% in France and 59% in the UK. Although it was strong in the 1990s, the noughties have experienced a sluggish economy, while strict regulations have led to slow growth. But agents at Savills say the good news is that homeownership in Portugal is at 75%, and there's a large rental market of about 20%. The Portuguese also have a high propensity to buy second homes.

However, the national trend is bucked by the devilish Algarve where, for instance, in 2006 growth was 6%, while in the rest of the country growth rose only 0.6%. So if you hope to make cash, go to the Algarve, but prices are lower along the Silver Coast and the Costa Verde. »

In the know

The Property Lounge

A good spot to come if you want to get in contact with professionals in the property business in Portugal's Algarve (Quinta do Lago to be precise) is The Property Lounge, a members bar and restaurant for anyone who works in or is interested in property. Membership costs a mere €120 per year and in return dedicated staff will provide property information and support as well as facilitate meetings and contacts with everyone from landscapers to architects to estate agents. And you can have a drink too!

i FOR MORE INFO SEE WWW.THEPROPERTYLOUNGE.EU



Portuguese palaces

Pools, golf courses and modern living in the sun



PINE CLIFFS RESIDENCE, ALBUFEIRA

Price: From €710,000

Details: Awarded "Best Resort Portugal" in the World Travel Awards in 2004, 2005 and 2006 and "Best Golf Resort Portugal" in 2007, the properties have a 5% rental guarantee for the first three years. Facilities include 14 restaurants and bars, gym, health club with indoor pool, four outdoor pools, mini-golf, golf course and academy, five tennis courts and academy, and a children's village. WWW.PINECLIFFS.COM, WWW.IFAHOTELSRESORTS.COM



BOM SUCESSO DESIGN RESORT

Price: From €500,000

Details: A modern living resort spread over 157 hectares, with 601 villas and townhouses, near the town of Óbidos and located less than an hour from Lisbon. The 23 architects used include Stirling prize winner David Chipperfield. WWW.BOMSUCESSO.COM.PT



PALMYRA, VILAMOURA, SOUTHERN ALGARVE

Price: From €649,000

Details: High-end apartments and townhouses with balconies, set within the five-star Vila Sol Spa & Golf Resort. There are two swimming pools and the project is due for completion later this year.

WWW.PALMYRA.IE



TROIARESORT, TRÓIA PENINSULA, LISBON

Price: From €290,400

Details: A 440-hectare resort development, which includes a Robert Trent Jones Sr 18-hole golf course, clubhouse, 12 miles of beach, two five-star hotels, a 184-berth marina, a casino, 211 beach apartments, 79 marina apartments and 99 private villa plots. WWW.IRGTRROIARESORT.COM

VILAMOURA GOLF & GARDEN RESORT

Price: From €515,000

Details: With an overall sales value of €600 million, this 60-hectare resort boasts luxury apartments and villas, gardens designed by Diarmuid Gavin, and five world-class golf courses. WWW.OCEANICOGROUP.COM



PORTUGAL: *Where's hot right now?*

The Holiday-rentals.co.uk website reports that the Costa de Lisboa has been the top-performing region in Portugal, with a slightly higher than average number of inquiries per property per month from holidaymakers, and a 34% increase in inquiries per property in 2007. It includes the Silver Coast, which has been touted as an up-and-coming spot thanks to low prices, unspoilt landscape and a fast-developing holiday market. Lisbon performed particularly well, as did the island of Madeira. While supply is high in the Algarve, demand has also been strong, with inquiries up 15% in 2007.





CASE STUDY #1

Coming home to the Costa

FLORENCIO AND ALDA DA SILVA



Veg patch

Top, the house has nice surroundings for the couple to enjoy

Florencio and Alda

Though born in the area, Florencio and Alda da Silva have been surprised by the change in the Costa de Lisboa since they moved back in the late 1980s, having previously lived in Rotterdam. When they returned it was a decade since the authoritarian regime of António de Oliveira Salazar ended and the area was still relatively rural and underdeveloped. But today the economy has progressed at a significant pace and the country has joined the EU, enabling the Costa de Lisboa to modernise, too.

Now in their late 60s, Florencio worked in Rotterdam as an engineer on the pipelines and Alda as a seamstress. When it came to retiring

they moved back to their beloved Portugal and built a small house in Quinta do Floral, near Colares and only 30km from Lisbon. The pair saved up and began adding additional rooms to the property, and even recently a swimming pool. The 10,000 sq m property has a fruit orchard and sleeps up to six people.

To supplement their pension, they rent out the house and stay in an adjoining apartment. Using the wonders of the internet, they have had guests from the Netherlands, Spain, the UK and the Bahamas. Florencio likes to spend his time maintaining the grounds and planting vegetables, and their son still lives back in the Netherlands with his family, but they occasionally entertain them when they come to visit. WWW.HOLIDAY-RENTALS.CO.UK



The beautiful game leads to a beautiful house

JILL WHITE AND ANDY



On the ball

- ▶ Parque da Floresta is fantastic for a second home
- ▶ Jill and Andy are busy on their next project



Jill White and her partner Andy Hanselman have football to thank for their purchase at Parque da Floresta, in the Algarve. Andy is “football mad”, says Jill, who decided to give him a surprise trip to Portugal for Euro 2004. When she Googled “Algarve, football, golf and leisure” Parque da Floresta came up and, while they had no intention of looking for a property while on holiday, they fell in love with the area, spoke to some locals and even met ex-England player Carlton Palmer – he raved about Parque da Floresta, so the couple were hooked.

“To this day, we’re sure we must have been the easiest customers they’ve ever had,” laughs Jill. “We looked at a property, signed the papers, then

“We looked at a property, signed the papers, then headed back to the pool”

headed back to the pool for the afternoon.” The couple bought a four-bedroom village townhouse with an open-plan living area that opens out onto a balcony. They visit their property about six or seven times a year and are in the process of buying another property on the beach, which they hope will be ready by 2009/2010.

“One of the reasons we had never considered buying an overseas home was because we didn’t want to give up on discovering new places together,” says Jill. “But as we don’t tend to go in high season, we still have lots of time to travel elsewhere. It’s another home, rather than a holiday destination, and it has made a lovely addition to our lives.” www.vigiagroup.com