

FINDING AND BUYING IN THE ALGARVE



ONE OF THE LONGEST REAL ESTATE AGENCIES IN THE ALGARVE

Founded in the 90's with
name and success

www.vernonalgarve.com

By: Claudia Boto

A realtor with 24 years of
experience in the
Algarve market



ALL ASPECTS TO BE TAKEN IN CONSIDERATION WHEN BUY ABROAD - PORTUGAL

- Why buy property in Portugal?
- What is life like in Portugal?
- To buy or rent a property?
- Where to buy?
- Cost of living in Portugal vs USA.
- Other costs of living in Portugal to consider.
- Can a US citizen buy property in Portugal?
- How to get residency in Portugal if buy a house?
- What are the cost of purchasing a house in Portugal?
- Can an American get a mortgage in Portugal?

Qualities that make property market in Algarve - Portugal a good investment

**EASY TO REACH
PLENTY OF LOW-COST
AIRLINES**

**GOOD FOOD, WINES,
PEOPLE, CULTURE
AND A FANTASTIC CLIMATE**

**SOME OF THE BEST
GOLF COURSES IN THE
WORLD**

**LESS DENSELY POPULATED
(WITH 10.3MILLION) AND
850KM OF COASTLINE**

ELECTED IN PAST YEARS INC. 2022/23

**ONE OF THE BEST COUNTRY TO
VISIT IN EUROPE**
BY EUROPEAN BEST DESTINATIONS

**6TH BEST BEACHES IN THE
WORLD**
BY TRIPADVISOR

**EUROPE'S LEADING BEACH
DESTINATION**
BY WORLD TRAVEL AWARDS

**6TH SAFEST COUNTRY
IN THE WORLD**
BY WISEVOTER

**1ST BEST PLACE TO
RETIRE IN THE WORLD**
BY INTERNATIONAL LIVING

**OBTAIN A RESIDENCE PERMIT
VARIOUS OPTIONS
AVAILABLE**



WHERE TO BUY PROPERTY IN PORTUGAL?

Whether you're looking for a rural property in the countryside, a villa close to the beach or a chic city apartment, there are properties in Portugal for every budget.

BY: Claudia Boto

WHERE IS THE BEST PROPERTY INVESTMENT? NORTH / CENTER / LISBON OR ALGARVE ?

All areas are excellent places to invest in property, with different advantages to each one.



Relocating to Portugal!

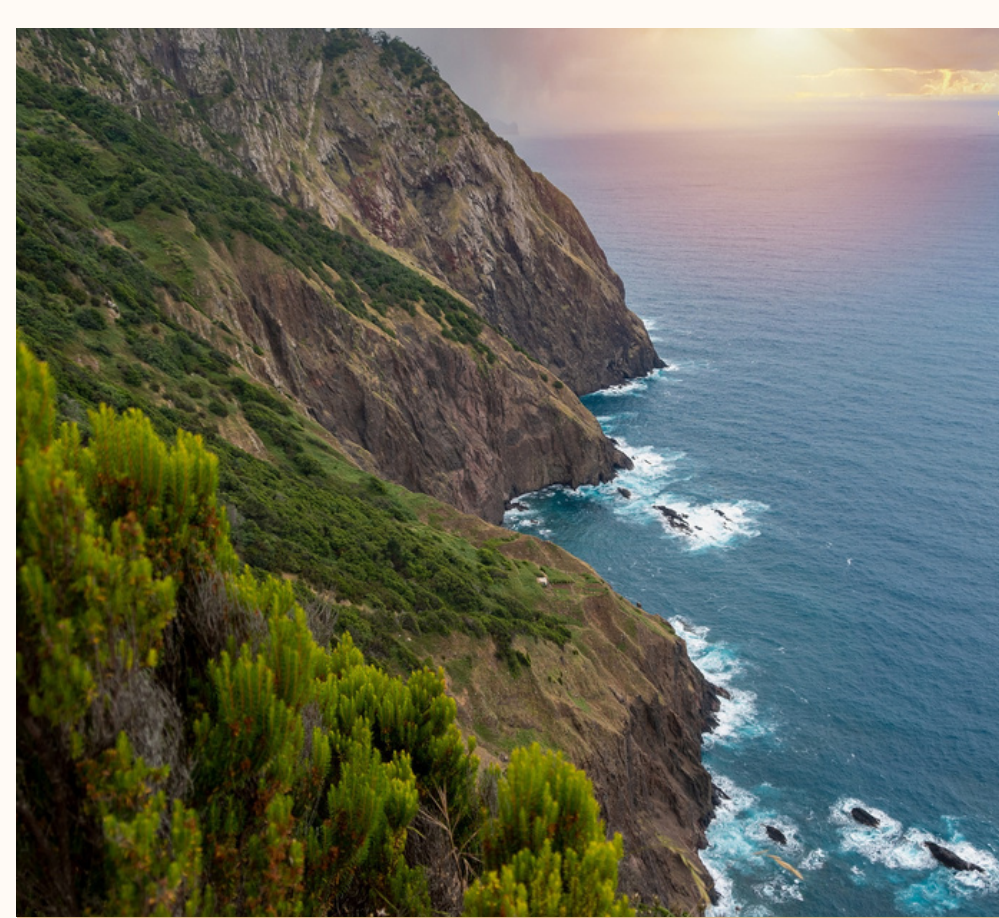
Some of the many reasons are:
The outstanding quality of life, business opportunities, security, and economic stability, free entry and circulation within the Schengen Area, among others.

Making the Move to the Algarve!

welcome!



VERNON REAL ESTATE | APRIL 2023



Although the Portuguese countryside is beautiful and has its own charm, the Algarve remains the destination of choice for many expats wanting to move to Portugal

Whether you are looking for relaxed, family-friendly areas, apartments in luxury resorts, or property near towns with buzzing nightlife, the Algarve has it all.



Algarve property presents a great opportunity for investment with considerable returns.

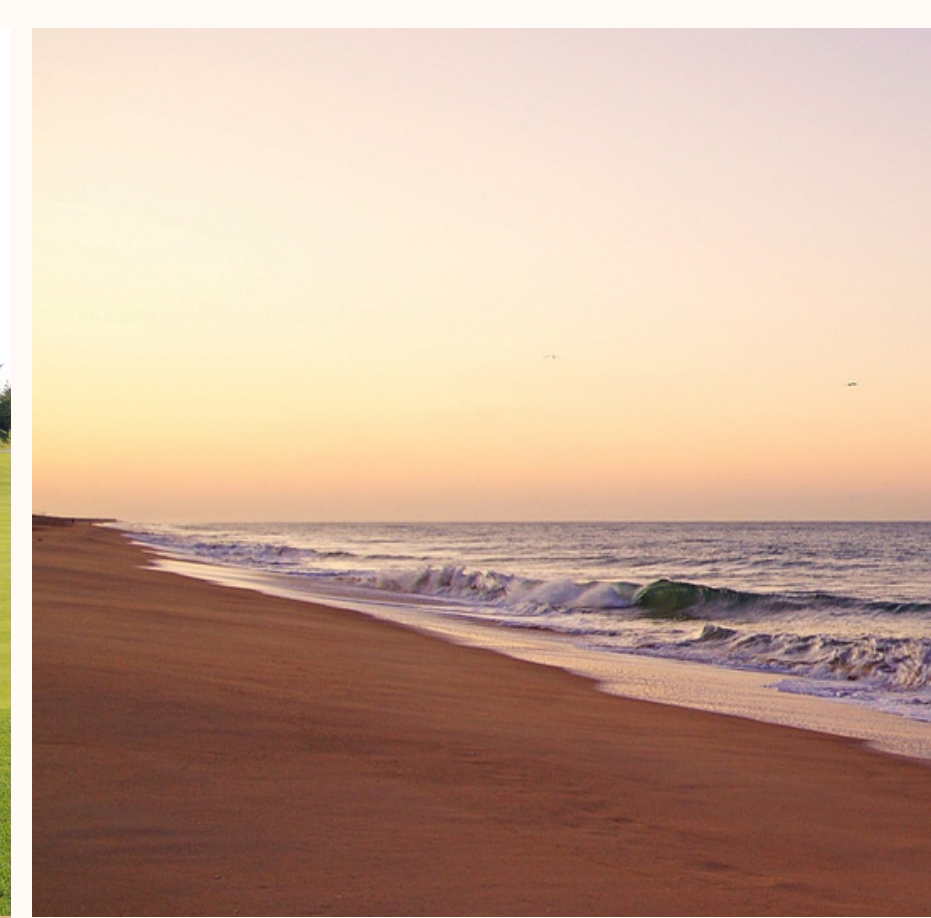
Whether you buy or rent, Algarve property is entirely dependent upon your needs and circumstances.

The sunny Algarve has long been a favourite with holidaymakers from all over the world.



Variety of lifestyle

No matter if you're looking for a fast-paced city life or some rural peace and quiet, the Algarve has a lot to offer if you're looking for a new lease on life.



PROPERTY PRICES

Certain areas of the Algarve are cheaper than others and there are some affordable options.

Property prices are often cheaper inland, away from the touristy coastal towns and on the outskirts.

**Algarve property prices/m2 vary from
€866 euros - €3,766
(US \$944 - US \$4.108)
(exchange rate on 05/04/2023 @ €1=\$1.09)**

WHAT TO BUY - A RENTAL INVESTMENT OR A PERMANENT RESIDENCE?

As a non-EU citizen you'll need a visa in order to establish residence in Portugal.

Obtain a Residence permit - options available

SOME OF THE MOST COMMON VISA OPTIONS ARE:

- Schengen Visa
(these are short-term, tourist visas required from some countries)
- Digital Nomad Visa
 - D2 Visa
 - D7 Visa
 - D3 Visa
 - Study
 - Startup



Whats your budget?

How will you pay?

- **Cash payment:**
using your own funds
- **Mortgage loan:**
Getting a mortgage, from a Portuguese bank

DECIDE WHAT TYPE OF PROPERTY YOU WANT AND WHERE!

Whether that's a new construction or a used home, an Apartment, Townhouse, or villa, with pool, garage, by the sea or in a town centre.

Choose the one that is best suited to your needs and personal situation.

Let's visit some properties!



Apartments up to €200.000 / US \$218.066

(exchange rate on 05/04/2023 @ €1=\$1.09)



Luxury property

193,000 € | 169.699 £

Apartment in Lagoa e Carvoeiro - Lagoa

Algarve, Carvoeiro, Luxury 1 bed, 1 bath apartment with...

1 bed 1 bath 88.20 m² 0 m²

Ref: AC341

[MORE INFO](#)

Purchase price inc. furniture

€193.000 / US \$ 210.434

Purchase costs (average)

IMT tax + Stamp Duty, Lawyer fees, Notary fees + property registrations

(if w/tourist licence)

+/- €16.000 /US \$17.445 = 8.3%

(if not) +/- €8.300 / US \$9.049 = 4.3%

Rental income & expenses (average)

Minimum 10 MONTH = €10,000 / US \$10.903

Condominium fees & Fixed costs (electricity, water, insurance, council tax, rental tax)

= +/- €6.500 p.a /US \$7.087

Return on investment (gross): +/- 1.7%

**Properties up to
€400.000 / US \$436.133**




(exchange rate on 05/04/2023 @ €1=\$1.09)



Townhouse / Semi-detached in

Lagoa e Carvoeiro - Lagoa

Algarve Carvoeiro, for sale, 2-bedroom, 3 bath townhouse...

 2  3  143.24 m²  85 m²

Ref: **VC675**

[MORE INFO](#)



Purchase price inc. furniture

€375.000 / US \$408.875

Purchase costs (average)

IMT tax + Stamp Duty, Lawyer fees, Notary fees + property registrations

+/- €24.800 / US \$27.040 = 6.6%



**Rental income
& expenses (average)**

Minimum 10 MONTH = €16,000 / US \$17.445

Fixed costs (electricity, water, internet, managment, cleaning, insurance, council tax, rental tax)

= +/- €8.000 p.a /US \$8.722

Return on investment (gross): +/- 2%

Properties up to
€500.000 / US \$545.167

(exchange rate on 05/04/2023 @ €1=\$1.09)



Lovely views

498,000 € | 437.875 £

Townhouse / Semi-detached in
Lagoa e Carvoeiro - Lagoa
Algarve Carvoeiro 2-bedroom townhouse with lovely sea...

2 2 148 m² 0 m²

Ref: **VC678**

[MORE INFO](#)

Purchase price inc. furniture

€498.000 / US \$542.986

Purchase costs (average)

IMT tax + Stamp Duty, Lawyer fees, Notary
fees + property registrations

+/- €35.500 / US \$38.706 = 7.1%

**Rental income
& expenses (average)**

Minimum 10 MONTH = €20.000 / US \$21.806

Condominium fees & Fixed costs = +/- €9.000 p.a
/US \$9.813

(electricity, water, internet, managment, cleaning,
insurance, council tax, rental tax)

Return on investment (gross): +/- 2,3%

**Properties up to
€700.000 / US \$763.233**

(exchange rate on 05/04/2023 @ €1=\$1.09)



Close to beach

660,000 € | 579.887 £

Villa in Lagoa e Carvoeiro - Lagoa

Algarve, Carvoeiro, for sale, 3 bed single storey villa with...

3 2 160 m² 666 m²

Ref: VC673

[MORE INFO](#)

Purchase price inc. furniture
€660.000 / US \$719.620

Purchase costs (average)
IMT tax + Stamp Duty, Lawyer fees, Notary
fees + property registrations

+/- €50.800 / US \$55.388 = 7.7%

**Rental income
& expenses (average)**

Minimum 10 MONTH = €30,000 / US \$32.710

Fixed costs (electricity, water, internet, managment,
cleaning, insurance, council tax, rental tax)
= +/- €12.000 p.a /US \$13.084

Return on investment (gross): +/- 2,4%

Building plot

(exchange rate on 05/04/2023 @ €1=\$1.09)



Plot in Lagoa e Carvoeiro - Lagoa

Algarve, Carvoeiro, for sale: building plot of 5.155 m², in a...

0 0 0 m² 5155 m²

Ref: LC062

[MORE INFO](#)



Purchase price

€450.000 / US \$490.650

Purchase costs (average)

IMT tax + Stamp Duty, Lawyer fees, Notary fees + property registrations

+/- €38.000 / US \$41.432 = 8.4%

Construction price in Algarve 2023 (average)

+/- €2.500 / US \$2.725

EX: Villa of 300m² / 3 230 sq.ft.
= +/- €750.000 / US \$817.750

PROPERTY BUYING PROCESS

THE MOST IMPORTANT THING ABOUT BUYING A PROPERTY IN PORTUGAL, IS FINDING THE RIGHT ONE FOR YOU.

WHETHER YOU'RE LOOKING TO BUY AN APARTMENT, TOWNHOUSE, LUXURY VILLA, COMMERCIAL PREMISES, A RUSTIC FARMHOUSE, OUR PROFESSIONAL, MULTI-LINGUAL TEAM AT VERNON'S WILL GUIDE YOU THROUGH THE PROCESS WITH EXPERT ADVICE AND RECOMMENDATIONS.

REQUIREMENTS

- Portuguese Tax Number - NIF
- Your Identification
- Funds
- Lawyer /Solicitor
- Open bank account

STEP 1

- Finding the right property
- Make an offer
- Agreeing a price with the seller

STEP 2

- Your lawyer/solicitor will carry out the due diligence, will check all documents of the property and report the findings to you.
- Your lawyer will draw up the first contract - (Promissory Contract), with all the agreed purchase and sales conditions.

STEP 3

- Both the seller and buyer sign the promissory contract.
- Buyer is required to pay a deposit. This is normally 10% or 20% of agreed price.
- This deposit will be forfeited if the buyer pulls out of the deal.
- If the seller is the one who pulls out, they will have to return the deposit in double to the buyer.

STEP 4

- Before the final deed buyer has to pay purchase tax (IMT & Stamp duty)
- Sign the title deed, the buyer and the seller or their representatives meet in front of a notary for the final act of sale and buyer pays the remaining amount and also the rest of the purchase costs (Notary, registration & lawyer fees)

STEP 5

- Change the name and payment orders on the energy, water, gas bills.
- Organize other services providers (Internet, property insurance, etc)
- Inform any other services (gardener, poolman, maid that you are the new owner and will be paying the bills from now on.

REAL ESTATE FEES

The Agency Fees in Portugal are for the seller to pay, not the buyer.

"LAWYER" -LEGAL FEES

A lawyer will check all the documentation and legal side of the property you want to buy. He will do all due diligencies, prepare the promissory contract, represent you at the notary for the final deed, and will change into your name all the contracts from all service providers. Lawyer costs +/- 1% of purchase price.

NOTARY & PROPERTY REGISTRATION FEES

Usually between €800 and €1.000 it can be higher up to +/- €1.500 if the purchase is with mortgage

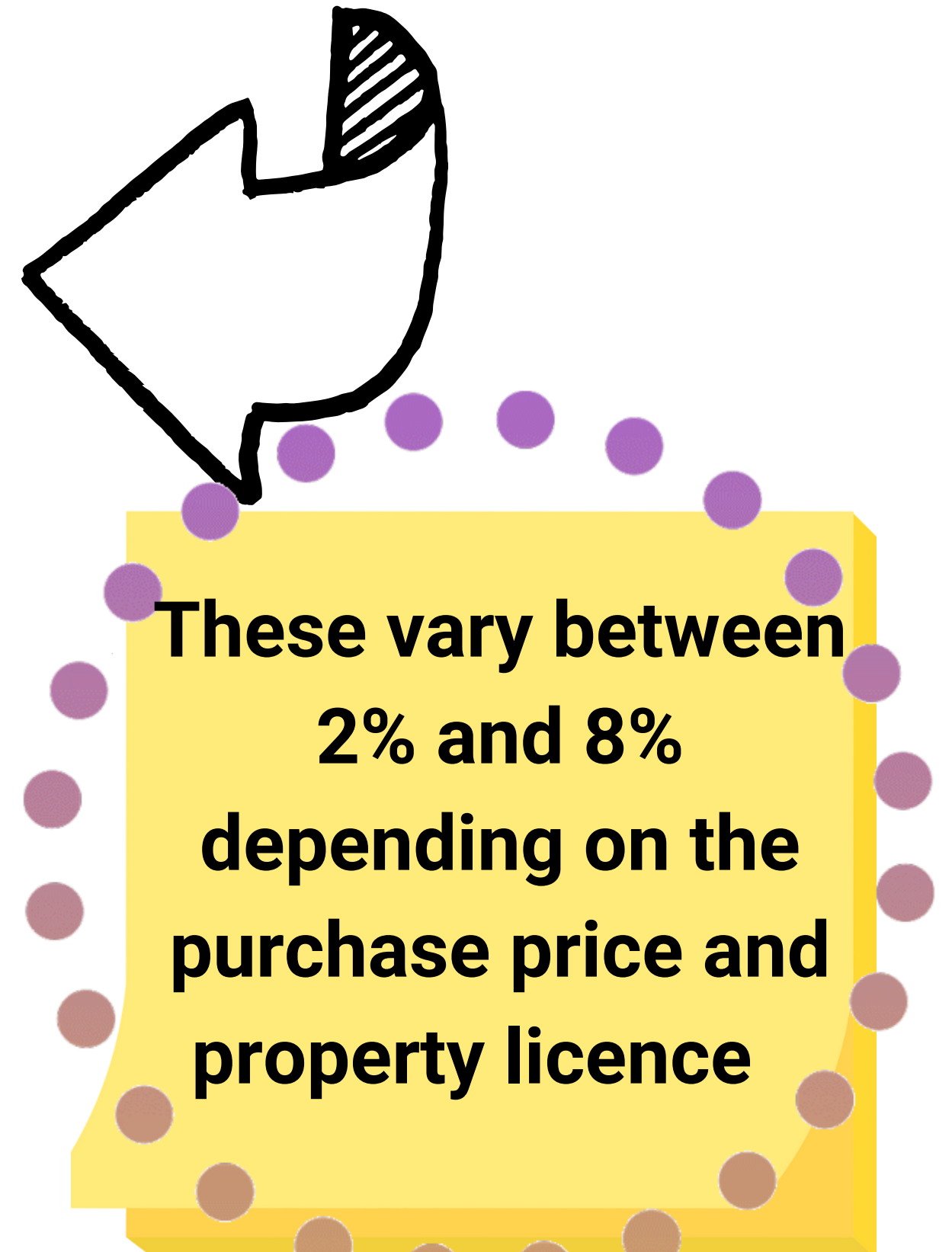
PROPERTY TRANSFER TAX (IMT)

Usually based on the value of the purchase price. It is a cost to be paid before final deed. There are 2 different rates to apply, it ranges from 2% to 8% of the property purchase to pay if it is a 1) Primary residence or a 2) secondary property, holiday property, or rental property.

STAMP DUTY TAX

Fixed at 0.8% of the purchase price, and it is paid together with the IMT tax before final deed.

PROPERTY BUYING COSTS



**These vary between
2% and 8%
depending on the
purchase price and
property licence**

PORTUGAL RESIDENCY INVESTMENT PROGRAM IS ONE OF THE MOST SUCCESSFUL IN EUROPE

Portugal is a party to the Schengen Agreement and part of the European Union with several international agreements with non-EU countries, for ex:, the US, Canada, Australia and New Zealand, which allows such nationals to enter and stay in Portugal for 90 days for tourism or business within a six-month period (180 days) without a visa.

- **The Portuguese visas are processed by the Portuguese embassy in your country of residence.**
- **Portuguese resident permits (Autorização de Residência)** is issued by the Portuguese Immigrations office (SEF) site <https://imigrante.sef.pt/en/>
- **Who wish to stay longer than 3 months**, will need to apply for a long-term visa or Portuguese residency visa before arriving. This allows you to apply for a Portuguese residence permit after arrival (this applies for those who work, the self-employed, students, those intending to live off savings, retired people, and family members).

Portugal Residence Permits



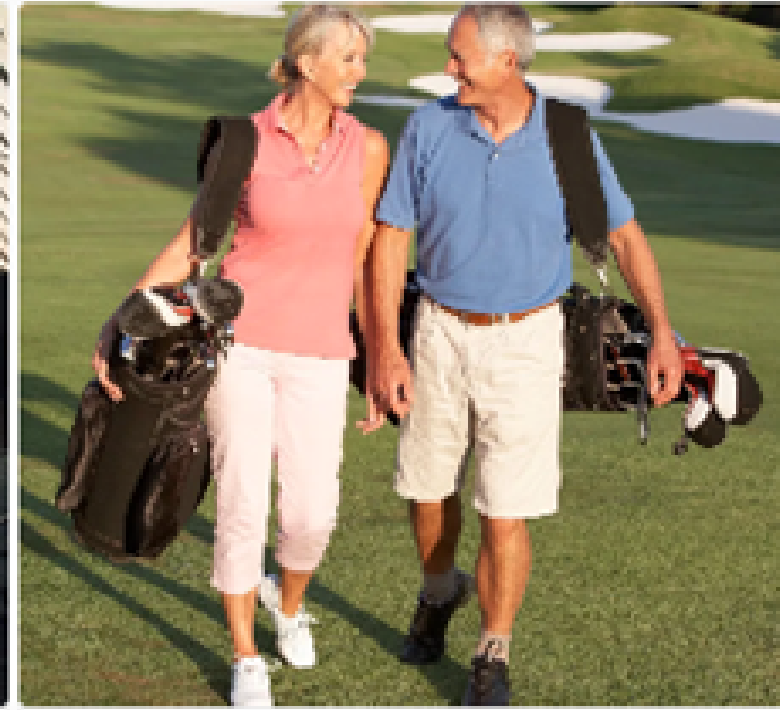
Digital Nomad Visa

Working remotely, running a business, or simply staying in Portugal



Golden Visa

Residency by investment allowing free entry and circulation in Portugal and Schengen Space countries



D7 Visa

Passive income earners, including retirees, who intend to move to Portugal



D2 Visa

For entrepreneurs, freelancers, and independent service providers



D3 Visa

Highly qualified professionals seeking to obtain residency in Portugal



Startup Visa

Entrepreneur(s) intending to develop an entrepreneurial and/or innovative business in Portugal



Student Visa

Residence permit for studying in Portugal



Family Reunion Visa

The holder of a residence permit may be joined by his/her immediate family members





Digital Nomad Visa
Working remotely, running a business, or
simply staying in Portugal

Essential requirements for Digital Nomad Visa

- Be a non-EU/EEA/Swiss Citizen
- Prove an average monthly income over the last three months of an amount equal to four times Portugal minimum wage
- Submit a document attesting self-employment or employment at a company based outside of Portugal
- Present a document detailing the applicant's tax residence.

One of the most captivating aspects of moving to Portugal with the Residence Visa is that, once a resident in Portugal, Digital Nomads can apply for the Non-Habitual Resident Tax Regime and, after 5 years of living in the country, one can apply for the Portuguese Citizenship.

Since 30th October 2022, Portugal has a Digital Nomad Visa for foreign citizens that can now enjoy Portugal while working 100% remotely or running a business.

The applicant can qualify for two different types of Digital Nomad Visas, depending on how long he/she plans to stay in Portugal:

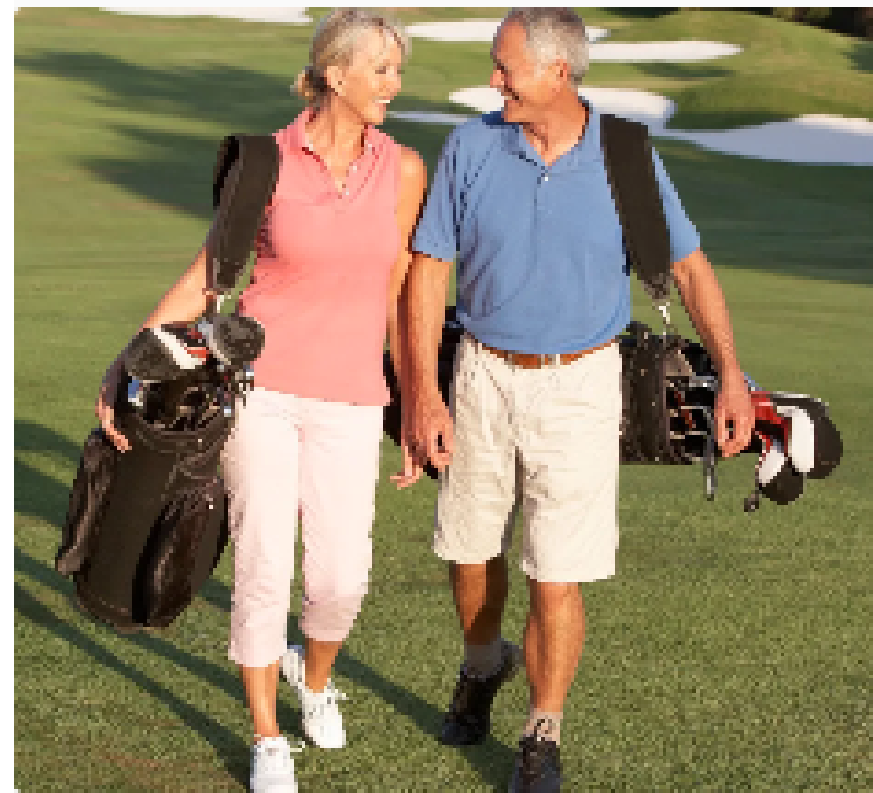
Temporary Stay Visa and the **Residence Visa/Residence Permit**

Temporary Stay Visa: If a Digital Nomad intends to stay for a brief period in Portugal, this Visa is ideal as it **is valid for 1 year** and allows an individual to work as a self-employed freelancer or an online business owner. This Visa must be applied for at the Portuguese Consulate that serves the applicant's current country of legal residence

Residence Visa/Residence Permit: when intends to live in Portugal for a longer period, usually more than one year, this Visa is the perfect solution. The application for this Residence permit must be preceded by a special Residence Visa for Digital Nomads, applied for by the main applicant at a Portuguese Consulate serving the applicant's current region of legal residence.

This visa allows for a maximum of two entries and a stay of up to 4 months in the country. Once in Portugal, the applicant will have to apply for the Residence Permit for Digital Nomads.

The visa also allows for the issuance of residence permits for the applicant's immediate family members under "family reunification" rules, with no need to apply for the special visa that is usually required, which means they may enter Portugal as tourists.



D7 Visa

Passive income earners, including retirees, who intend to move to Portugal

Also known as the Portugal Passive Income Visa. Is the perfect option for you, whether you are a retiree or an entrepreneur who want to live in Portugal without having to make a major economic investment.

This visa is an affordable and attractive visa allowing non-EU citizens to get Portuguese residency provided they have sufficient funds to sustain themselves during their stay in Portugal.

D7 Visa allows you to request family reunification once you have your visa. Your family members are granted the same residency rights as you. You will have to prove your relationship to any family members that you would like to include in the program.

Permanent Residence: D7 Visa allows you to obtain permanent residence, eventually. You can obtain legal residency in the first year. You can then renew your residency for two years successively. After five years of legal residency, you can apply for permanent residency.

Citizenship: D7 Visa can lead to citizenship. After six years of legal residency, you can apply to become a Portuguese citizen. To become a citizen, you must obtain an A2 Portuguese language certificate, provide documents such as proof of a Portuguese bank, and have no criminal record.

Essential requirements for D7 Visa

- Non-EU/EEA/Swiss citizen
- Clean criminal record
- Proof of residence address in Portugal (through rental contract or property purchase)
- You need to spend at least 16 months in Portugal during the first 2 years.
- Minimum passive income (current minimum wage €760p.m) of €9.120 (US \$9.943,85) per year (+ 50% for spouse and + 30% for dependent child) This income can be from a retirement pension, as well as a financial investment, real estate, and salary.

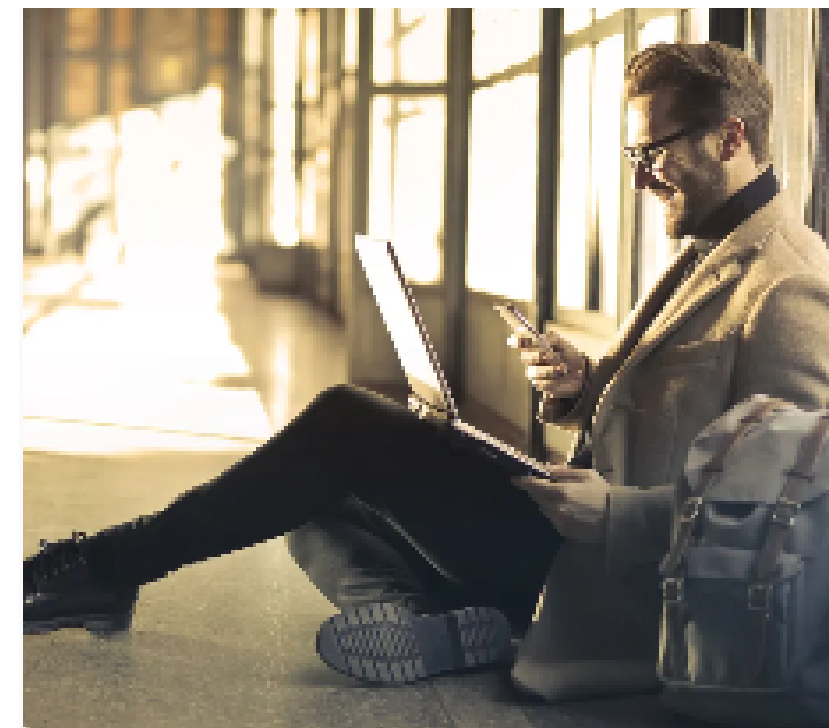
Also known as the Immigrant Entrepreneur Visa for Portugal, for those outside the EU and Schengen area who would like to start a business or relocate their existing business to Portugal, OR invest in an existing business in Portugal.

This Visa can be a viable route to permanent residency and citizenship for those looking to work for themselves in Portugal.

D2 Visa is also extensible to your family

Essential requirements for D2 Visa

- The country needs to see value in your activity and that you really have the means to open your activity. (You can also obtain these financial resources through a proof of loan from a Portuguese bank).
- Proof of business viability (you need to prove that your business can thrive in the field you are aiming for).
- A solid business plan (Create the best business plan you can and make sure you have every step covered and show your A, B and C plans)
- The social capital (there are no minimum requirements for the Social Capital.)
- Reasons to choose Portugal
- Need to show that you have enough money to sustain yourself for a year. As the main applicant, you must have 100% of the minimum salary which is €9.120/US \$9.943,85 per year. For a spouse, you must add (50%) €4,560 / US\$4,971 and for a dependent child, you must add (30%) €2,736 / US\$2,983. Therefore, a couple with one child, would need around €16.416 /US\$17.898 a year to be eligible for the D2 Visa



D2 Visa

For entrepreneurs, freelancers, and independent service providers

Permanent Residence: After receiving your D2 Visa, you have to book an appointment with the Foreigners and Borders Service (SEF) to obtain a residency permit. Your D2 Visa **is only valid for 120 days**, (but if you have proof that you have booked this appointment, you are good to go). You will renew your residency until the 5-year mark when you can apply for permanent residency

Citizenship: You can become a Portuguese citizen after 6 years of legal residency. To do so, you need to learn Portuguese and obtain an A2 Portuguese language certificate, have a clean criminal record, and provide documents such as proof of a Portuguese bank account.

• BOTH RESIDENTS AND NON-RESIDENTS CAN APPLY FOR A MORTGAGE FROM PORTUGUESE BANKS

What types of mortgages are available in Portugal for non residents ?

GETTING A MORTGAGE, FROM A PORTUGUESE BANK AND USING THE PROPERTY ITSELF AS A GUARANTEE AGAINST DEFAULTING.

The maximum loan-to-value mortgage for non-residents, depending on your age and other characteristics, is 60% to 70% in some cases even to 80% (depending on each bank) of the purchase price and the remaining % being paid from the buyer's pocket.

At what stage to apply

It is advisable to start the mortgage process as early as possible, even if you are not totally sure of the property you want to buy. Starting the process early helps you to know what you can afford and how much you can access through credit financing.

Compare mortgages from different banks.

There are several banks that provide different mortgage loans and credit to buy a house. Each bank has different criteria, and you may not necessarily be offered the most suitable loan, or the best deal available.

Vernon's can introduce you to a broker to match your profile which will save you a lot of time, cost and hassle.

What types of mortgages are available

Fixed-rate mortgage - 5 or 10 years

Allows borrowers to pay a constant rate for a certain period. It generally guards you against fluctuations in the European base rate. This rate is usually agreed upon with the Bank when requesting financing.

Variable-rate mortgage

Your monthly payment (revised every 3/6/12 month) fluctuates depending on the EURIBOR indexer.

(Note: if you decide on early repayment on both types, you will be charged on the repaid capital).

Mortgage Conditions

Interest rate – the rate used for home loans in Portugal is Euribor after which the bank applies its margins.

Terms of mortgage – most mortgages in Portugal for non-residents are between 25 to 30 years.

Lending criteria – this usually depends on your financial position which is determined by your current income earnings, debts and employment history. Also considered here is the property valuation by the bank.

Insurance – you will have to contract life insurance as well. In some cases, the banks usually require home insurance too.

Mortgage for retirees: You can get a mortgage provided you have a regular pension income. You can also arrange a guarantor, which can be beneficial in terms of inheritance tax if they are also a part-owner of the property

For construction: You can usually borrow 50% to 60% of the combined costs of the land and construction, however, these mortgages are complex and specialist advice from a mortgage broker is advisable.

For businesses: Financing for commercial use, such as a restaurant or a shop. The max. mortgage is usually 50% of the price (or valuation if lower).

House price in Portugal

Real estate prices in Portugal keep growing.

According to the most recent figures from the National Statistics Institute in Portugal (INE) from March 2023:

- During the year to November 2022, the median price of dwellings in Portugal surged 13.92%
- During the first three quarters of 2022, the total number of housing transactions in Portugal rose by 8% while transaction value increased 22.9%
- Prices by property type, apartment prices rose by 14.9% , while house prices increased 11.3%

Property prices in Portugal started to recover in 2014 and have been rising since.

4.9% in 2015 | 5.7% - 2016 | 7% - 2017 | 9.7% - 2018 | 11.7% - 2019 | 6% - 2020 | 11.2% - 2021 | 13.92% - 2022

2,481 €/m2

Price per m2 in Portugal in
March 2023

+ 0.2 %

Evolution compared to
February 2023

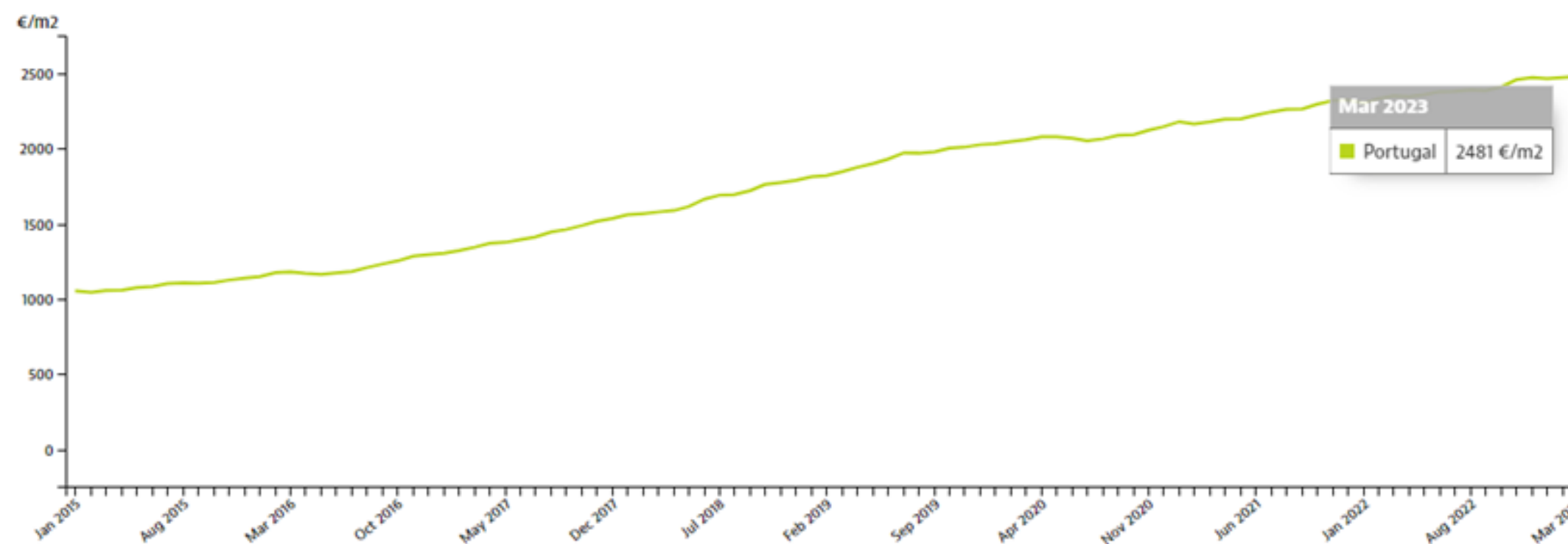
+ 0.3 %

Evolution compared to
December 2022

+ 5.5 %

Evolution compared to
March 2022

See all 5 years 2 years 1 year



Square Metre Prices in Portugal compared to Europe: by
global propertyguide.com

From the perspective of the foreign buyer, Portuguese property is good value when compared to other Europe countries, in terms of square metre prices.

Portugal has some of the lowest prices for city-centre property in Europe, ranked 19th, the medium European m2 price is located by €6.157 Euros/m2. ([see below](#))

- Portugal @ €3,830/m2 (US \$4.171)
- Spain @ €4,978/m2 (US \$5.422)
- Italy @ €6,589/m2 (US \$7,177)
- Netherland @ €6.902/m2 (US \$7.517)
- France @ €12,796/m2 (US \$13.937)
- UK @ €21,179/m2 (US \$23,069)

(rate used €1=US\$1.09)

Buying a house in Portugal in 2023 is 7.1% more expensive than 2022.

Portugal house prices in euros average €2,481 (US\$ 2.481) per square meter. (Source: Idealista.pt valid as of March 2023).

By region, AM Lisbon's remains at the top of the list, followed by Algarve, then the autonomous regions of Madeira and the North, Alentejo, the Azores Islands and the last but not the least is the Centre Alentejo.

Lisbon Metropolitan area house prices are up by 15.2% (4.8% in real terms) from a year earlier. With a sq.m median price between €3.464 (US\$ 3,773) and €3.836 (US\$ 4,178)

Followed by Algarve, where house prices rose by 17.6% (7% in real terms) with a sq.m median price at €3.102 (US\$3.378)

In Madeira, property price rose strongly by 13.8% (3.5% in real terms) with a sq.m median price of €2.458 (US\$2,677)

Also in the North, property price rose strongly by 11.7% (1.6% in real terms) with a sq.m. median price of €2,054 (US\$2,237)

In Alentejo, property prices rose by 14.1% (3.8% in real terms) with a sq.m. median price of €1.531 (US\$1.667)

In the Azores, property prices increased 13.3% (3.1% in real terms) with a sq.m. median house price of €1.374 (US\$1,496)

In the Center, property prices rose by 14.1% (3.8% in real terms), with a sq.m. median house price of €1.355 (US\$1.475)

House price in Portugal by region



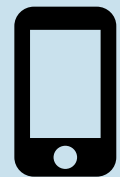


Contact details

Take the next step towards investing in Portugal and get in touch with our team of specialists, to discuss your options and begin working on your personalized plan.



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Vernon Real-Estate



@vernonALGARVE



VERNON REAL ESTATE | APRIL 2023



Come and enjoy a lovely ride on the tourist train, we will take you to amazing spots in and around Carvoeiro. A great way to visit the town and to get a feel for the area. Get on Board! choo-choo

Contact:

info@vernonalgarve.com

<https://www.facebook.com/bytraincarvoeiro/>



Don't forget to book your place with us



Train tour around Carvoeiro village



All you can experience in 60 minutes

Come join us!

Pick up & Drop point:

Hotel Tivoli

Date:

14/04/2023

Time:

3pm

Tour Duration:

+/- 60 minutes

Price:

12,00 € per person

(max. capacity 50 people)



Train tour around Carvoeiro village

All you can experience in 60 minutes

