

INTERNATIONAL
PROPERTY ALERTS



PORTUGAL

BUYER'S GUIDE





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Olá

Welcome to International Property Alerts
guide to buying a property in the Algarve.

We hope this offers a helpful overview of the different regions along this renowned coastline, highlighting the essential factors to consider when purchasing a holiday home or relocating permanently to this beautiful part of the world.

So, why choose the Algarve? Its reputation as one of the globe's most sought-after destinations is no accident. The Algarve appeals to a wide range of people, from international jet-setters to families seeking fun-filled vacations and retirees looking for a peaceful lifestyle.

Blessed with a mild climate and a stunning 150-kilometre Atlantic coastline, the Algarve is divided into three regions: Eastern, Central, and Western, all with easy access to Faro's international airport.

The Central Algarve, including Faro and Albufeira, is the most developed area, offering charming beach resorts that retain their traditional fishing village character. It's also home to prestigious golf courses in the renowned 'Golden Triangle.'

The Eastern Algarve is known for its tranquil barrier islands and unspoiled beaches, while the Western Algarve offers a more rugged and adventurous vibe.

We hope this guide helps you decide to pursue your dream of owning a property in the Algarve.

For more information, feel free to contact the Ideal Homes Portugal team – we're happy to help!



Central Algarve



Central Algarve

Family-oriented beach resorts

Premier championship golf courses

Top-tier marinas and facilities

A global market for high-end properties

Albufeira – a mix of charming old town and lively modern strip

Exclusive destinations like Quinta do Lago, Vale do Lobo, and Vilamoura

Heading west from Faro, the Central Algarve's crown jewel is the exclusive Golden Triangle, home to some of the world's most luxurious coastal properties. This area includes renowned golf and leisure resorts like Vale do Lobo, Quinta do Lago, and Vilamoura.

The rest of the Central Algarve is known for its family-friendly resorts, often picturesque fishing villages with seafront promenades and sandy beaches beneath low cliffs. Albufeira and Carvoeiro are two of the most popular spots, offering a variety of homes close to the beach, resort centers, or within top golf resorts in the surrounding areas.

Albufeira

As the largest and most vibrant beach resort in the Algarve, Albufeira is a lively destination that appeals to a wide range of people, with a sizable expat community year-round.

Originally a quiet fishing village, Albufeira is now split into two distinct areas. The charming old town, with its whitewashed streets and quiet squares, is ideal for families and older visitors. Just five minutes east, the New Town is known for its lively strip, drawing younger crowds who enjoy the bars and nightlife. Albufeira also boasts a marina, its own local beach, and nearby golf courses at Pine Cliffs, Balaia, and Salgados.

Golden Triangle

Vale do Lobo, the Algarve's oldest and one of its largest resorts, spans 450 hectares with two golf courses, sports facilities, and over 1,500 luxury residences, many beachfront or on the fairway.

Quinta do Lago, nestled in the Ria Formosa park, rivals Vale do Lobo with its stunning scenery, three championship golf courses, and premium properties. It also features the Campus multi-sports hub for top-tier fitness and training.

Vilamoura, Europe's largest residential tourist community, offers six golf courses, including the Portugal Masters venue, and an award-winning marina lined with bars and restaurants. For a more traditional feel, Almancil is a charming town 10 minutes inland, known for its upscale restaurants and boutiques. Further inland, Loulé offers a quieter, authentic Portuguese lifestyle.

Galé & Armação de Pêra

Just 4 km west of the lively Albufeira, the peaceful resort of Galé offers a quieter retreat. It's the start of a stunning 5-kilometre stretch of golden beach, much of it protected and bordered by sand dunes. The beach transitions from Galé to Grande Pêra, then Salgados, and finally reaches the modern resort of Armação de Pêra, known for its seafront promenade and apartment blocks. Along the way, you'll find the Salgados Lagoon and Salgados golf club, with a few developments nearby.



Average Price Guide	Portimão area
	2/3-bed apartments - from €375,000
	Townhouses – from €450,000
	Detached villas – from €500,000
	Lagos area
	2/3-bed apartments - €500,000
	Townhouses – from €700,000
	Detached villas – from €900,000

Alcantarilha

Just ten minutes inland from Armação de Pêra, Alcantarilha is known for its traditional village center and proximity to attractions like the Amendoeira Golf Resort, Aqualand Algarve water park, Zoomarina Express, and Algarve Shopping in Guia.

Carvoeiro

Tucked between sandstone cliffs, Carvoeiro is one of the Algarve's most scenic resorts. Its small, sheltered beach is ideal for families, and the town's whitewashed center leads to low-rise communities along the coast. Popular for coastal walks and its proximity to other beaches like Centianes and Benagil, Carvoeiro is also home to the Pestana Golf Resort.

Silves & Lagoa

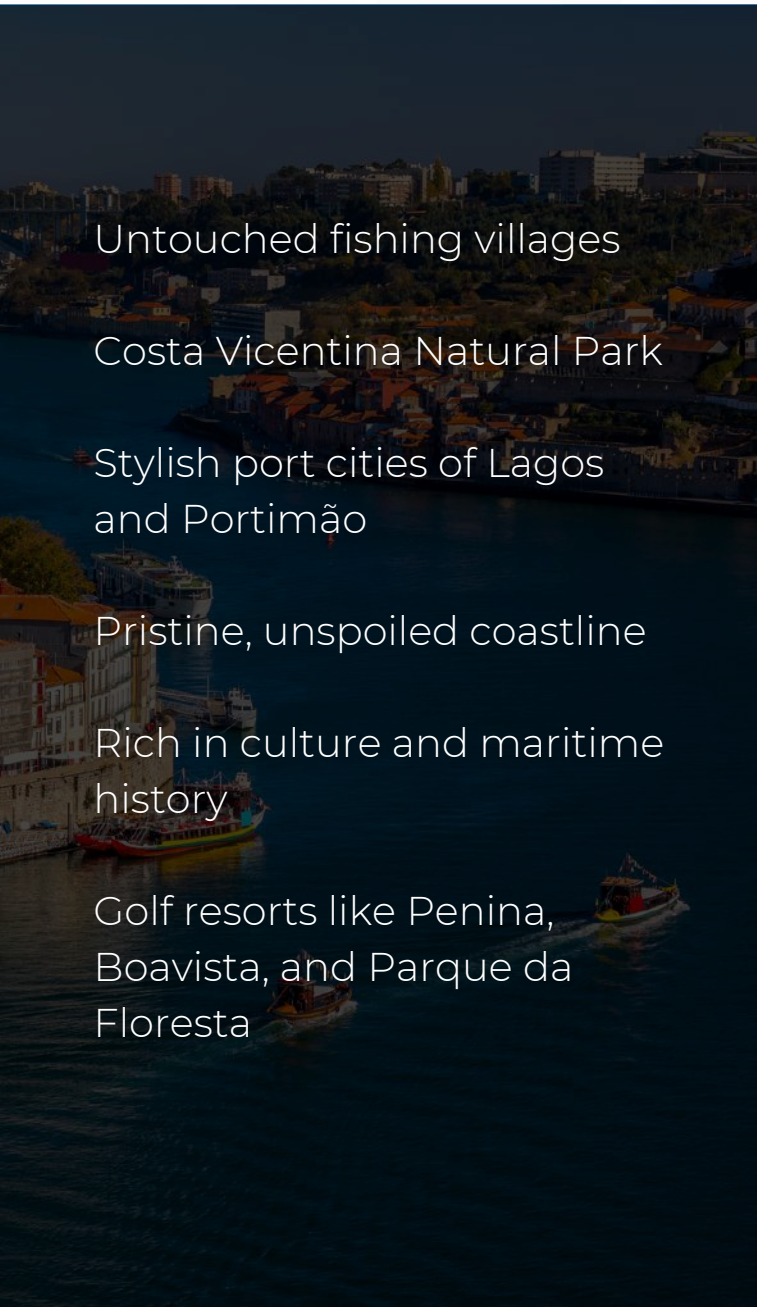
Silves, a medieval town along the River Arade, is about 20-25 minutes from the coast at Carvoeiro. Surrounded by citrus groves and cork trees, it offers a peaceful, rural lifestyle and features a golf course. Nearby Lagoa is a traditional town that appeals to those seeking a quieter life away from the coast, with easy access to Carvoeiro's golf courses and the Slide and Splash water park.

Ferragudo

Ferragudo, with its palm-lined riverfront and charming old town, is a hidden gem in the Central Algarve. Situated on the River Arade estuary, it faces Portimão's marina. The town is known for its main square, winding streets, seafood restaurants, and tranquil beaches, perfect for water sports in the sheltered estuary.



Western Algarve



Western Algarve

Untouched fishing villages

Costa Vicentina Natural Park

Stylish port cities of Lagos and Portimão

Pristine, unspoiled coastline

Rich in culture and maritime history

Golf resorts like Penina, Boavista, and Parque da Floresta

The western Algarve is often regarded as the region’s most picturesque area, featuring a rugged coastline, quaint fishing villages, and the historic cities of Lagos and Portimão. It’s ideal for those seeking tranquil resorts and stunning natural landscapes, as well as for those who enjoy the vibrant atmosphere of its two estuary cities, with Lagos being the busiest. The region stretches to Cape St. Vincent, the most south-western point of mainland Europe, and is only a 90-minute drive from Faro Airport.

Portimão & Praia da Rocha

As the second-largest city in the Algarve and the largest in the west, Portimão maintains its shipbuilding and sardine-fishing heritage. Ideal for those who prefer a more urban vibe over a small fishing village, it features a historic center, a fantastic market, a lively waterfront,

and an internationally renowned marina. Just around the estuary is Praia da Rocha beach, a 1.5-kilometre stretch lined with amenities and apartment blocks, making it a popular and trendy resort. Notable golf options in the area include the Penina Hotel & Golf Resort.

Alvor

A few kilometers west of Praia da Rocha, Alvor is a charming fishing village set in an idyllic location. It boasts a small harbor in the Alvor estuary lagoon and its own stretch of Atlantic beachfront, making it a desirable spot for visitors seeking a more peaceful atmosphere.

Lagos & Porto do Mos

West of the Alvor estuary lies Meia Praia, one of the Algarve's longest beaches, stretching around the bay to Lagos. With a strong

seafaring heritage, Lagos is known for its world-class marina and bustling fishing port. Highlights include the lively waterfront, the winding streets of its historic old town, and vibrant nightlife. Properties just outside the town center are popular among foreign buyers. The Lagos area also boasts the Boavista Golf and Spa Resort, set around a championship course.

Praia da Luz

A short distance west of Lagos is the laid-back family resort of Praia da Luz, which features its own beach. Originally a fishing village, it has developed into a peaceful area with low-rise complexes and residences, offering access to a variety of leisure amenities.



Average
Price
Guide

Golden Triangle

2/3-bed apartments - from €600,000
Townhouses – from €900,000
Detached villas – from €1,200,000

Rest of Central Algarve

2 or 3 bed apartments - from €350,000
Townhouses – from €500,000
Detached villas – from €600,000

Burgau & Salema

Located at the beginning of the Southwest Alentejo and Costa Vicentina Natural Park, Burgau marks the start of a wilder coastline, with Salema just five minutes further west offering even more rugged charm. Both traditional fishing villages, life here revolves around the daily catch brought in by local fishing boats. Just five minutes inland, you'll find the upscale Parque da Floresta golf resort.

Sagres

Situated next to Cape St. Vincent, Sagres is the most westerly town in the Algarve, offering a remote, "end-of-the-world" feel surrounded by the Atlantic. Rich in maritime history, the town features a harbour and marina. The area's conditions make it perfect for water sports enthusiasts, especially surfers and kite-surfers.





Eastern Algarve



- Pristine lagoon beaches
- Ria Formosa Natural Park
- Traditional fishing village atmosphere
- Less developed and more affordable
- Tavira – a charming riverside town
- Golf resorts at Monte Rei and Castro Marim

Stretching from Faro to the Spanish border, the Eastern Algarve is less developed than other areas of the region. Traditionally favored by Portuguese second-homeowners, it now attracts more international buyers drawn to its traditional way of life, affordable prices, and stunning beaches. A key highlight is the Ria Formosa Natural Park, with its lagoon and pristine barrier islands. World-class golf can be found at resorts like Castro Marim, Quinta do Vale, and the award-winning Monte Rei. Transfers to Faro Airport typically take 30-40 minutes.

Fuseta

The quaint fishing town of Fuseta (or Fuzeta) is the closest resort to Faro Airport, just 30 minutes away. Situated on the Ria Formosa lagoon, its bustling fishing harbor

is the departure point for water taxis to the beaches on Ilha da Armona island. Fuseta also has a local beach by the harbor. Known for its excellent seafood restaurants and charming old town, Fuseta is especially lively in the summer months.

Tavira & Luz de Tavira

Tavira, a cultural gem perfect for year-round living, is a beautiful white town along the River Gilão. Its cobbled streets, main square, food market, and scenic riverfront are major highlights. Just 3 km downriver, connected by water taxi, lies Ilha de Tavira, often considered Portugal's finest beach. About 5 km west is Luz de Tavira, a small traditional town with growing demand for new homes and essential amenities.





Average
Price
Guide

2/3-bed apartments - from €350,000
Townhouses – from €450,000
Detached villas – from €500,000

Cabanas (de Tavira) & Santa Luzia

On opposite sides of Tavira’s estuary lie the small fishing villages of Cabanas and Santa Luzia. Both offer access to beaches on the barrier islands via ferry boat from their harbors. Santa Luzia, known for its locally caught octopus, features a charming promenade and a quaint old town. There’s also a bridge to Ilha de Tavira, which can be crossed on foot or by tourist train. Larger and more developed, Cabanas boasts a picturesque old town, a boardwalk promenade, and new tourist properties connecting it to the neighboring village of Conceição, home to Benamor Golf Club.

Manta Rota & Monte Gordo

These two resorts offer direct access to 22 kilometers of Blue Flag beaches. Manta Rota, an extension of Vila Nova de Cacela, has low-rise holiday homes set back from the sand dunes. Meanwhile, Monte Gordo, a former fishing beach, is now the most commercial tourist resort in the Eastern Algarve and the closest to the Spanish border. Its wide sandy beach is lined with apartment blocks and hotels. Traditional Portugal is just five minutes away in Vila Real de Santo António, a charming white town on the River Guadiana.



PORTUGAL

Buying Process, Legal & Costs

Preparation

Portugal uses a notarized conveyancing system, meaning a property transaction must be completed in the presence of a notary. Before making an offer, appoint an independent bi-lingual lawyer to oversee the legal process and protect your interests. Your lawyer can help with property law, buying costs, tax identity number (NIF), and opening a Portuguese bank account. It's common to grant them power of attorney to represent you throughout the process.

Reservation Stage

Once an offer is accepted, you'll sign a reservation agreement with the vendor, which includes the purchase price and how long the property will be reserved. A refundable reservation fee (typically €3,000-€6,000) is paid into an escrow account. Your lawyer will perform due diligence, ensuring the property is correctly registered, has no debts, and complies with local building regulations. You can withdraw without penalty at this stage, which usually takes a couple of weeks.

Promissory Contract

Your lawyer will prepare a promissory contract, a legally binding agreement

outlining the terms of the sale and completion date. A deposit (10-30% of the purchase price) is required, and the reservation fee will count toward it. If the buyer withdraws after signing, they lose the deposit; if the vendor defaults, they must repay double the deposit.

Completion

Completion usually occurs 1-2 months after signing the promissory contract. Your lawyer will guide you in transferring funds and paying taxes. On completion day, both parties sign the final deed of sale (Escritura Pública de Compra e Venda) at the notary's office. Your lawyer will ensure you're registered as the new owner with the Land Registry and tax office.

Buying Costs

Budget an additional 7-8% of the purchase price for buying costs, including transfer tax (IMT), stamp duty (0.8%), lawyer's fees (1-2%), notary fees (0.2-0.5%), and other disbursements. If using a mortgage, factor in 1-2% more for valuation and application fees.



Property in Portugal

-Ongoing Costs

When planning a property purchase, it's important to understand the ongoing costs you'll face as a registered owner. Failing to check these could lead to unpleasant surprises if unexpected bills start arriving.

The good news is that Portugal isn't an expensive place to own a property. To get an idea of potential expenses, reach out to your Ideal Homes Portugal agent. Talking to other property owners in the same resort or area can also provide valuable insight. For tax-related questions, your lawyer will be able to advise you. Here are the main costs to consider as the owner of either a holiday home or a primary residence:

Utilities

Like most countries, you'll need contracts with utility companies for electricity, gas, water, telephone/internet, and, if necessary, satellite. Your lawyer can assist in setting up these services. Monthly bills are typically paid by automatic bank transfer. Older or more rustic properties may not have mains gas, but many are turning to solar energy for heating and even electricity.

Air conditioning in the summer and running a private pool can significantly increase your electricity bills, depending on how often the property is occupied.

Condominium Fees

If your property is part of a block, complex, or leisure resort, you'll likely need to contribute to the upkeep of communal areas and facilities through condominium fees (also known as service charges). Generally, larger and more upscale gated resorts, such as those with pools, a reception area, a gym/spa, and children's play areas, will have higher fees. In contrast, fees for simpler apartment blocks with gardens and parking tend to be minimal.

Insurance

Buildings and contents insurance is highly recommended (and often mandatory if you have a mortgage), particularly if your property will remain vacant for periods. You can obtain annual coverage locally in Portugal or through an international provider. If you plan to rent your property out for holiday lets, make sure your insurance includes suitable coverage, including

public liability insurance.

Key-Holding & Maintenance

Non-resident homeowners often hire a local agency for key-holding and maintenance services like pool and garden care. Ideal Homes Portugal offers these services.

Council Tax

Portugal's council tax, Imposto Municipal sobre Imóveis (IMI), is based on the property's rateable value (VPT). Urban properties are taxed at 0.3-0.45%, while rural properties are taxed at 0.8%.

Fiscal Representation

Non-EU property owners, such as UK citizens, must appoint a fiscal representative in Portugal. This service can be provided by your Portuguese lawyer for a fee. An annual tax return is also required.

Wealth Tax

Refer to the Tax & Financial Planning section.

Tax on Rentals

Rental income from holiday or long-term lets is taxed at 28%. Maintenance expenses and IMI can be deducted. Double taxation treaties, such as with the UK, prevent being taxed in both countries.



Take Care with Your Currency

Most non-European buyers, including those from the UK and US, will need to convert funds into euros for property purchases in Portugal. It's important to plan ahead and consider currency transfers early in the process to save both time and money.

Exchange rates fluctuate constantly, meaning the cost of a property in euros can change in your local currency (e.g., €/£ or €/¤). Not considering this could result in unexpected costs. To manage this, speak to a currency transfer specialist.

Currencies Direct understands the property purchase process in Portugal, and their services are regulated by the UK's FCA for your security. You can set up an account with them before property hunting, which can help you act quickly and secure your desired property.

They also offer forward contracts, allowing you to lock in an exchange rate for future payments, ensuring you know exactly what your property will cost in your currency. After purchasing, Currencies Direct can assist with day-to-day transfers like pension payments or mortgage bills, and help you manage your monthly budget with fixed-rate transfers.



Letting Your Property

Renting out property to holidaymakers is a popular way to generate income in Portugal, especially in the Algarve, a prime tourist destination. The region's mild year-round climate ensures strong demand for accommodation, not just in peak summer, but also in spring and autumn. Golf courses in the Algarve also contribute to high occupancy rates, as golfers often prefer the cooler months.

If rental return is a priority when choosing your property, it's important to select an area with high demand, and your Ideal Homes Portugal agent can help guide you in this process. It's also essential to understand Portugal's regulations for holiday rentals and how to manage your property and guests.

Alojamento Local (AL) Licence: All properties rented out short-term, including holiday lets, must have a valid AL licence.

Changes to AL Licensing: Since October 2023, the “Mais Habitação” law introduced several updates:

Suspension of New Licences: New AL licences are suspended in high-density areas like Lisbon and the Algarve, but exceptions include low-density regions (e.g., Alentejo and parts of northern Portugal), and the autonomous regions of Madeira and the Azores, which continue to issue new licences.

Existing Licences and Renewals: Existing AL licences must be renewed every five years, with renewals for licences issued before October 2023 starting in 2030. Local councils will handle the renewal process.

Transfer Restrictions: AL licences are non-transferable and will expire if the property is sold, unless inherited.

Understanding these regulations is vital for successful short-term renting.



Inactive Registrations: Property owners must submit tax documentation to prove ongoing rental activity. Failure to do so may cause the AL licence to expire. This is part of the government's efforts to balance tourism with affordable housing.

Recent Changes: The new AD government, elected in March 2024, approved changes to the AL rules, including the removal of the Extraordinary Contribution tax. Local councils will now have the power to regulate AL activities in their areas, but the effective date of these changes is not yet clear.

Touristic Enterprise (Empreendimento Turístico): An alternative to obtaining an AL licence is purchasing a property in a development classified as a 'Touristic Enterprise', which manages short-term rentals centrally.

Advertising & Managing Rentals: If managing bookings yourself:

- Research suitable platforms and compare property prices in your area.
- Use high-quality photos and videos in your listing.
- Highlight local amenities and attractions alongside your property.

- Personalize the guest experience with small touches, such as welcome notes and recommendations for nearby attractions.

Rental Calendar: Plan when to leave the property free for your own use, especially during peak summer months, when rental rates and occupancy are highest.

Tax Considerations: Rental income must be declared to the Portuguese tax office. If your country of residence has a double tax treaty with Portugal (e.g., the UK), you won't pay tax twice. An accountant or lawyer can assist with tax returns.

Property Management: Many non-resident owners hire a local management agency to handle everything from key-holding and cleaning to bookings and guest management. Ideal Homes Portugal offers a comprehensive property management service.

By planning ahead and understanding the legal and financial aspects, you can maximize your rental income and enjoy your property in Portugal stress-free.



Tax and Financial Planning

Relocating to Portugal full-time means becoming a tax resident, subjecting your income and assets to Portuguese tax laws. These rules can differ significantly from those in your previous country, so it's wise to seek advice from financial and tax specialists before you move to ensure optimal financial planning.

183-Day Rule:

You become a tax resident if you spend 183 days or more in Portugal, or if you establish your primary residence here. Be mindful of potential capital gains tax if selling assets abroad.

Wealth Tax:

Property with a rateable value (VPT) over €600,000 is subject to an annual wealth tax (AIMI):

- 0.7% on VPT over €600,000
- 1% over €1 million
- 1.5% over €2 million

Joint property owners can combine allowances for tax-free limits.

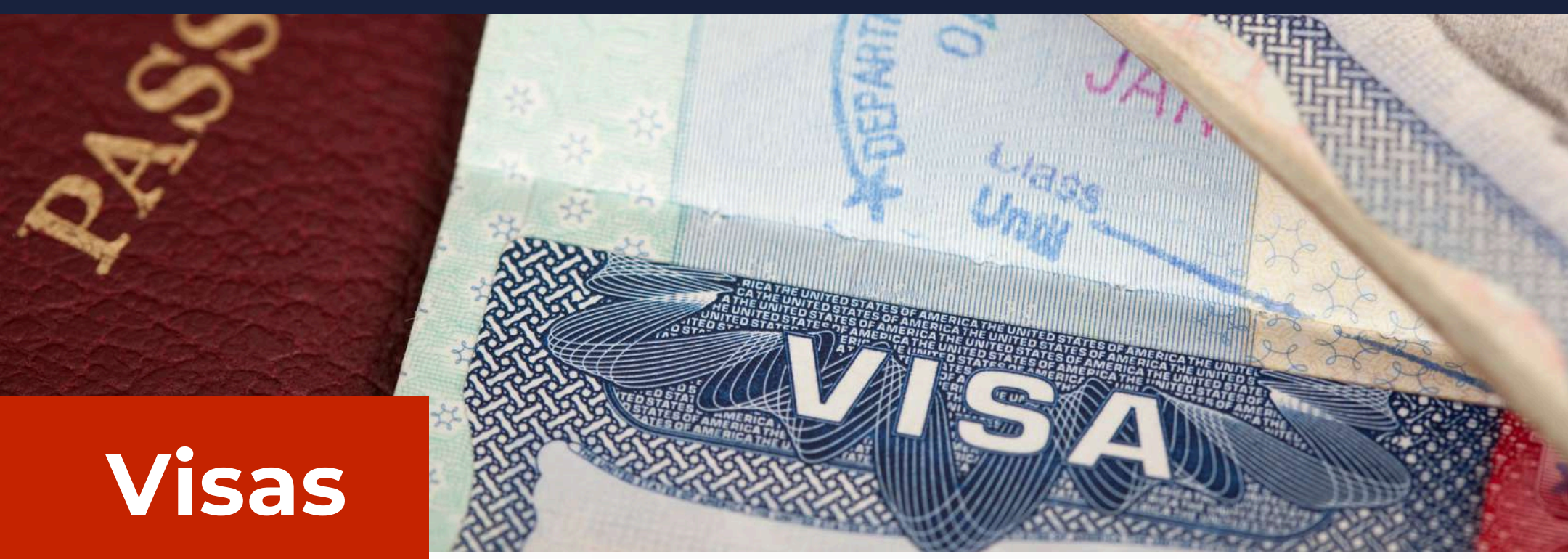
Non-Habitual Residence (NHR):

The previous NHR scheme ended in January 2024. Now, it's available only to specific professions, including researchers and start-up board members. It still offers tax exemptions on foreign-sourced income.

Wealth Planning:

Review your investments and financial situation with a professional advisor to ensure tax efficiency. Inheritance tax is low in Portugal (10% on assets, but exempt for spouses and descendants).

By planning ahead, you can avoid financial surprises and ensure a smooth transition to Portugal.



Visas

Anyone can move to Portugal and become a resident, depending on citizenship, family connections, or obtaining the right visa. Residency grants access to Portugal's healthcare system and social security benefits.

EU Citizens

Citizens of the EU, EEA, and Switzerland have automatic residency rights in Portugal, including family members. No visa is needed, but it's advised to register with Portuguese authorities within the first three months of arrival (no later than 30 days after).

Non-EU family members of EU citizens can apply for a special residency permit.

Non-EU citizens can visit Portugal for up to 90 days within any 180-day period under the Schengen 90/180 rule. This allows for a maximum of three months in a six-month period for British homeowners or other non-EU nationals.

D7 'Passive Income' Visa

The D7 Visa, also known as the Retirement Visa or Passive Income Visa, is ideal for British and other non-EU citizens wishing to retire or live in Portugal without working. It allows residency without employment in Portugal.

Eligibility

Applicants must have income from outside Portugal that is equal to or exceeds the Portuguese minimum wage (approx. €700-€750 per month). An additional 50% of the minimum wage is required for an accompanying spouse or adult dependent. Proof of private health insurance valid for one year is required.

Application Process

Stage 1: Apply for the visa through the Portuguese Consulate in your home country.
Stage 2: Once granted, move to Portugal and apply for a residency permit within four months.

The visa is renewable and after five years, holders can apply for permanent residency.

D2 & D3 Visas

For non-EU citizens wishing to work or start a business in Portugal, there are two main visa options:

D2 Visa: For entrepreneurs wishing to set up small or medium-sized businesses in Portugal.

D3 Visa: For skilled professionals with advanced qualifications in certain fields.

D8 'Digital Nomad' Visa

The D8 Visa (also known as the Residence Visa for Independent Workers or Digital Nomad Visa) is designed for financially self-sufficient individuals engaged in remote work or freelance activities.

Eligibility

Applicants must earn at least four times the national minimum wage (approx. €3,280 per month). Applicants must be over 18 years old and hold citizenship outside the EU/EEA.

Applicants must be engaged in fully remote work. Proof of accommodation in Portugal for at least one year is required.

Types

Short-Term Stay: Up to one year.

Residency Permit: Allows longer-term stay and access to healthcare, public services, and family reunification.

Holders can apply for citizenship after five years of residency. Portugal is a popular choice for digital nomads due to its favorable visa options, tax incentives, affordable living costs, and remote-work-friendly services.



Testimonials

Karl and Helen Chapman: Living the Dream in the Algarve

After buying their second home in Portugal 10 years ago, Karl and Helen Chapman are happily settled in the Eastern Algarve. Their journey began in 2013 when they visited to explore property, drawn to the region's charm. “We always dreamed of owning a home abroad,” said Karl. “Our goal was to retire here in 10 years.”

The couple, with two adult daughters in the UK, was guided by Caroline Roseblade from Ideal Homes Portugal. After viewing several properties, they fell in love with a townhouse on the outskirts of Conceição, offering a peaceful location and easy access to amenities.

“The location was perfect—quiet, yet close to everything,” Karl explained. “Caroline was fantastic, helping us understand everything, including taxes. We felt reassured throughout the buying process.”

The Chapmans visited regularly before eventually relocating permanently. “We love it here,” said Helen. “The people are welcoming, the food is great, and life is affordable. Karl is involved in local football and photography, while I help with rescue dogs and yoga. We’ve even started growing our own fruits and veggies!”

Ting-Fong Chen’s Algarve Investment Success

Retired dentist Ting-Fong Chen from Los Angeles invested in three Algarve properties after being impressed by his first apartment purchase in Lagos.

In April 2022, Ting-Fong completed his €400,000 purchase of a two-bedroom apartment in Lagos, which he reserved off-plan in 2019 after visiting with Ideal Homes Portugal. “We loved the central location of the Adega development,” he said. After furnishing the apartment, it now achieves 80-90% occupancy.

Seeing further potential, he bought a nearby penthouse when a buyer backed out. Ting-Fong praised Ideal Homes for their excellent support throughout the process, from helping with legal matters to choosing furnishings. “Their assistance made a huge difference for overseas buyers.”

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Secure your place in Spain's thriving investment market. Contact us today for exclusive opportunities and expert guidance.