



# Portugal: The Luxury Residential Tourism Market 2009

Presented by  
IRG International Realty Group, exclusive affiliate of Christie's Great Estates  
and PRIME YIELD, Chartered Surveyors



**Nelson Rêgo MRICS**



**Ole Jespersen**

### **About PRIME YIELD**

PRIME YIELD Chartered Surveyors provides consultancy and valuation services and is a company registered by the CMVM (Comissão do Mercado de Valores Mobiliários), being two of its directors RICS members.

Its clients include a number of financial institutions and property investment trusts whose operations centre around granting mortgage finance and the acquisition of properties for rental and/or property development. They rely on PRIME YIELD to undertake feasibility studies and provide consultancy services which support their decision-making process on the projects under consideration.

The value of land, bricks & mortar surveyed and valued by PRIME YIELD in 2008 was around 5.5 billion euros in our 3 offices: Lisbon, Oporto and Luanda.

PRIME YIELD is structured into two business areas which function in a co-ordinated way:

#### **Consultancy - Market Studies**

Having as its base a partnership with the property internet portal Casa Sapo, PRIME YIELD updates a database of residential information which cross-references the asking prices with valuations produced within the scope of works undertaken by PRIME YIELD for the main credit institutions who grant mortgages. The treatment of this information allows PRIME YIELD to conduct quantitative and qualitative market studies which are invaluable support tools in the decision-making process of real estate developers when analysing alternatives relating to the allocation of property investment trusts and making measured acquisitions, primarily of land.

#### **Property valuations**

The area of property valuation is sub-divided into three sectors:

##### **Real Estate Investment Trusts**

In 2005 PRIME YIELD obtained official certification from CMVM to carry out valuations for real estate Investment Trusts. Since that time PRIME YIELD has carried out valuation projects for many of the leading managers of real estate investment trusts.

##### **Mortgages**

Because PRIME YIELD has daily contact with the market and manages a flow of important information for the database with the real estate portal Casa Sapo, it has a department dedicated to valuations for mortgage purposes which produces valuation reports for properties (residential, commercial, services, land) for the majority of banks providing mortgage facilities.

##### **Property Development**

The valuation studies of property projects are closely connected to the activity of property investment. In this context PRIME YIELD produces valuation reports based on discounted cash flows augmented by a strong component of market comparables which allow investors to check the anticipated level of return on investment.

**Value your future.**

### **About IRG International Realty Group**

IRG International Realty Group is the leading international brokerage company in Portugal and specialises in sales of Portuguese high-end and luxury residential and tourism real estate. IRG is proud to be the exclusive affiliate in Portugal of Christie's Great Estates, a prestigious distinction that opens a world of premium properties and discerning purchasers and access to unique marketing tools and channels for IRG's clients. Next to Christie's Great Estates, IRG is the exclusive or founding member of various leading real estate networks: EREN (European Real Estate Network), Leading Real Estate Companies of the World, Luxury Portfolio and Who's Who in Luxury Real Estate.

In addition to the international networks, IRG's excellence of service and its personal attention meet and often exceed the expectations of those who seek a luxury lifestyle. IRG has been responsible for the successful sales of a number of Portugal's most expensive private residential and estates.

IRG's head office is located in Avenida da Liberdade in the heart of Lisbon and there are also boutique offices in Quinta do Lago in the Algarve, Estoril and in Kensington in London.

From these offices, experienced multi-lingual teams deal with luxury properties and estates within the Algarve's renowned Golden Triangle and beyond, around the Portuguese Riviera region of Estoril, Cascais and Sintra, Lisbon City, the Blue Coast, and the Silver Coast around Óbidos as well as the Atlantic Islands of Madeira, Porto Santo and the Açores.

Working closely with leading developers, IRG International Realty Group has been responsible for the marketing and sales of some of Portugal's finest properties in landmark developments including The Lake Resort in Vilamoura by Grupo Amorim, The Hilton Vilamoura As Cascatas Golf Resort & Spa by Grupo Imocom, Troiaresort by Sonae Turismo and Palácio Estoril Residências linked to the world famous Hotel Palácio Estoril.

IRG provides a complete service for developers including pre-development consultancy services, market research, statistics, marketing and sales strategy advice and sales and after sales management.

This year Prime Yield and IRG International Realty Group are already introducing the 3rd edition of the Luxury Residential Tourism Market Report. The report has already become the prime source and reference for statistic information in this segment and gives a summary of the market status.

#### **Local expertise. Global connections.**

[www.irgportugal.com](http://www.irgportugal.com)

## Introduction

Following the two previous issues, PRIME YIELD Chartered Surveyors and IRG International Realty Group, the exclusive affiliate in Portugal of Christie's Great Estates, present the third issue of "Portugal: The Luxury Residential Tourism Market".

The report provides an overview of the performance of the luxury residential tourism market in Portugal during 2008.

2008 was a year of retraction in general real estate market. The lower and middle end of the market were more affected by the retraction, as the high end, luxury residential properties, were affected in some areas, although in a milder way.

This report provides solid data on key issues such as identifying the prime locations in Portugal for luxury residential tourism real estate and the price level and trends for this type of property.

IRG International Realty Group, the exclusive affiliate in Portugal of Christie's Great Estates, is one of the leading international brokerage companies based in Portugal and specialises in the marketing and sales of luxury residential and residential tourism real estate in Portugal.

PRIME YIELD Chartered Surveyors is a valuation and property consulting company in Portugal, partner of the most important property web portal in Portugal (casa.sapo.pt) and specialises in valuations of assets acquired by the Real Estate Investment Trusts and Developers.

For more information please contact IRG and PRIME YIELD:

IRG International Realty Group, Ole Jespersen, [info@irgportugal.com](mailto:info@irgportugal.com)  
PRIME YIELD, Nelson Rêgo, [nrego@prime-yield.com](mailto:nrego@prime-yield.com)

## Methodology

The information in this report is based on records researched from the luxury residential tourism real estate market in Portugal through:

- Field research in the luxury tourism real estate market
- Sales information provided by IRG International Realty Group
- Valuation information provided by PRIME YIELD and by "casa.sapo.pt"

Resort developments as discussed in this report reflect three primary characteristics:

- a) They are property developments that have been planned and developed and are currently operated by private business enterprises;
- b) They offer proximity and easy access to significant natural, scenic, recreational, and/or cultural amenities that make them attractive places to visit;
- c) They include lodging accommodation, owners, users of second homes and seasonal residents.

Resort developments can be categorized along three major dimensions:

- a) By their proximity to their primary markets;
- b) By their setting and primary amenities;
- c) By their mix of residential and lodging products.

Working with the above definitions, provided by the Urban Land Institute, we focus in this particular report on the two following types of tourism developments:

**1. Tourism Resorts** - these are developments whose main anchor activity is golf and/or beach. These are real estate projects developed in an integrated way and which contain a property element differentiated by the products offered, namely apartments, townhouses, villas and plots.

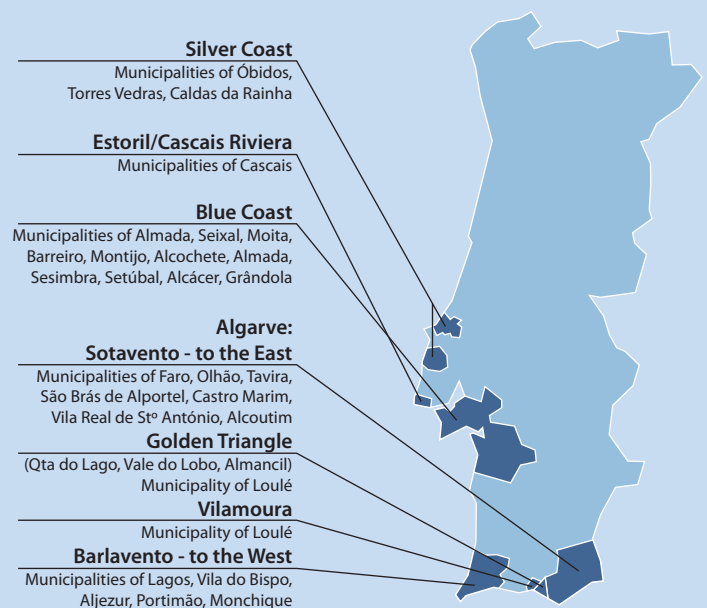
**2. Tourism Condominiums** - real estate projects developed in line with the condominium concept in the true meaning of the word, where there is coherence throughout the whole development with integrated management of all the infrastructures, namely:

- community security (management of access to the property);
- integrated management of communal green spaces which are property of the condominium;
- common shareholding of the social areas.

N.B.: Tourism Condominiums can be located inside a Tourism Resort.

It is important to clarify that, in terms of methodology, the average values presented are based on collected samples of real estate products (apartments, townhouse, villas, plots) located in developments which fall into the two segments already identified (1. Tourism Resorts and 2. Tourism Condominiums) and which are (a) being marketed by IRG and (b) have been subject to market analysis by PRIME YIELD: additional information was obtained via field research.

In this way, the values presented correspond to a mix between asking prices and valuation prices obtained from developments located in the following areas:



**Tourism Resorts** are developments whose main anchor activity is golf and/or beach. These are real estate projects developed in an integrated way and which contain a property element differentiated by the products offered, namely apartments, townhouses, villas and plots.



Tourism Resorts - Apartments				T0	T1	T2	T3	Average Price (€/sq.m)	
Algarve	Golden Triangle	Average Prices (€)		287.500	413.000	649.148	875.000		
		Average Area (sq.m)		55	80	138	145		
		Average Price (€/sq.m)		5.227	5.163	4.704	6.034		
	Vilamoura	Average Prices (€)		270.000	343.000	477.299	495.000		
		Average Area (sq.m)		58	80	109	140		
		Average Price (€/sq.m)		4.655	4.288	4.379	3.536		
	East Algarve	Average Prices (€)		177.913	255.825	313.725	338.235		
		Average Area (sq.m)		60	95	130	145		
		Average Price (€/sq.m)		2.965	2.693	2.413	2.333		
	West Algarve	Average Prices (€)		192.270	314.670	443.138	449.450		
		Average Area (sq.m)		55	95	140	145		
		Average Price (€/sq.m)		3.496	3.312	3.165	3.100		
Blue Coast	Average Prices (€)		274.833	455.514	574.259	693.500			
	Average Area (sq.m)		66	109	138	161			
	Average Price (€/sq.m)		4.177	4.179	4.161	4.307			
Silver Coast	Average Prices (€)		180.476	290.290	385.451	415.049			
	Average Area (sq.m)		58	101	131	138			
	Average Price (€/sq.m)		3.112	2.874	2.942	3.008			
Estoril/Cascais Riviera	Average Prices (€)		181.000	303.431	384.604	424.750			
	Average Area (sq.m)		58	100	130	143			
	Average Price (€/sq.m)		3.121	3.034	2.958	2.970			

Tourism Resorts - Townhouses				V1	V2	V3	Average Price (€/sq.m)	
Algarve	Golden Triangle	Average Prices (€)		449.675	654.369	697.961		
		Average Area (sq.m)		98	185	212		
		Average Price (€/sq.m)		4.589	3.537	3.292		
	Vilamoura	Average Prices (€)			420.000	495.000		
		Average Area (sq.m)			144	172		
		Average Price (€/sq.m)			2.917	2.878		
	East Algarve	Average Prices (€)			396.635	560.096		
		Average Area (sq.m)			140	210		
		Average Price (€/sq.m)			2.833	2.667		
	West Algarve	Average Prices (€)		382.353	596.176	622.549		
		Average Area (sq.m)		110	168	182		
		Average Price (€/sq.m)		3.476	3.549	3.421		
Blue Coast	Average Prices (€)			519.048	571.429			
	Average Area (sq.m)			185	220			
	Average Price (€/sq.m)			2.806	2.597			
Silver Coast	Average Prices (€)			354.239	505.545			
	Average Area (sq.m)			226	230			
	Average Price (€/sq.m)			1.567	2.198			
Estoril/Cascais Riviera	Average Prices (€)			548.500	600.500			
	Average Area (sq.m)			185	225			
	Average Price (€/sq.m)			2.965	2.669			



Hilton Vilamoura As Cascatas Golf Resort & Spa, Vilamoura, Algarve

Tourism Resorts - Villas			V2	V3	V4	V5	Average Price (€/sq.m)
Algarve	Golden Triangle	Average Prices (€)	1.104.740	1.278.626	2.820.930	3.186.820	
		Average Area (sq.m)	250	300	470	492	
		Average Price (€/sq.m)	4.419	4.262	6.002	6.477	
	Vilamoura	Average Prices (€)		959.500	1.297.850	1.395.000	
		Average Area (sq.m)		235	330	350	
		Average Price (€/sq.m)		4.083	3.933	3.986	
	East Algarve	Average Prices (€)		1.011.438	1.586.936		
		Average Area (sq.m)		303	395		
		Average Price (€/sq.m)		3.338	4.022		
	West Algarve	Average Prices (€)	823.000	1.407.767			
		Average Area (sq.m)	225	335			
		Average Price (€/sq.m)	3.658	4.202			
Blue Coast	Average Prices (€)	573.250	803.048				
	Average Area (sq.m)	195	300				
	Average Price (€/sq.m)	2.940	2.677				
Silver Coast	Average Prices (€)	606.462	818.233	848.784	929.245		
	Average Area (sq.m)	185	268	325	340		
	Average Price (€/sq.m)	3.278	3.053	2.612	2.733		
Estoril/Cascais Riviera	Average Prices (€)			2.039.400	2.394.750		
	Average Area (sq.m)			410	485		
	Average Price (€/sq.m)			4.974	4.938		



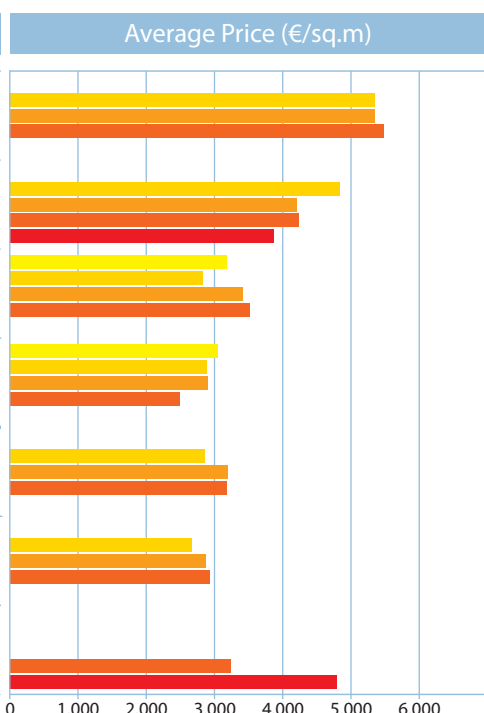
Tourism Resorts - Plots			Plots	Average Price (€/sq.m)
Algarve	Golden Triangle	Average Prices (€)	2.429.083	
		Average Area (sq.m)	1.355	
		Average Price (€/sq.m)	1.793	
	Vilamoura	Average Prices (€)	885.000	
		Average Area (sq.m)	1.700	
		Average Price (€/sq.m)	521	
	East Algarve	Average Prices (€)	1.130.000	
		Average Area (sq.m)	1.410	
		Average Price (€/sq.m)	801	
	West Algarve	Average Prices (€)	1.347.500	
		Average Area (sq.m)	1.200	
		Average Price (€/sq.m)	1.123	
Blue Coast	Average Prices (€)	979.825		
	Average Area (sq.m)	1.200		
	Average Price (€/sq.m)	817		
Silver Coast	Average Prices (€)	405.575		
	Average Area (sq.m)	1.400		
	Average Price (€/sq.m)	290		
Estoril/Cascais Riviera	Average Prices (€)	1.225.000		
	Average Area (sq.m)	1.425		
	Average Price (€/sq.m)	860		



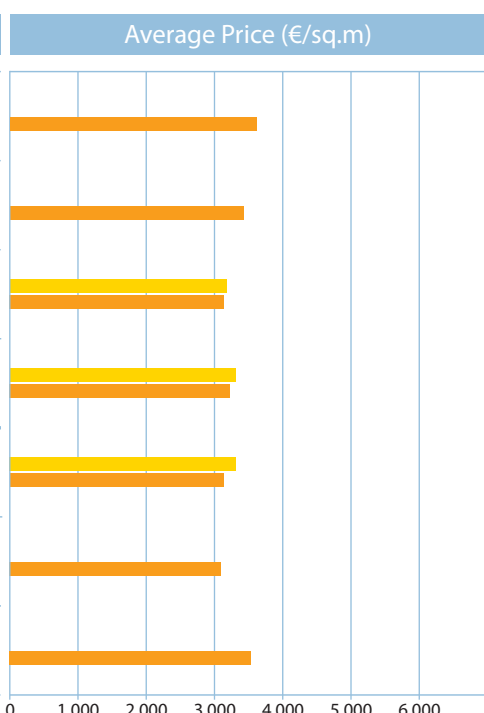
**Tourism Condominiums** are real estate projects developed in line with the condominium concept in the true meaning of the word, where there is coherence throughout the whole development with integrated management of all the infrastructures.



Tourism Condominium - Apartments			T0	T1	T2	T3	T4	Average Price (€/sq.m)	
Algarve	Golden Triangle	Average Prices (€)	483.000	561.500	779.500				
		Average Area (sq.m)	90	105	142				
		Average Price (€/sq.m)	5.367	5.348	5.489				
	Vilamoura	Average Prices (€)	352.000	517.500	590.000	875.000			
		Average Area (sq.m)	73	123	139	226			
		Average Price (€/sq.m)	4.839	4.207	4.245	3.872			
	East Algarve	Average Prices (€)	171.500	215.000	407.500	539.000			
		Average Area (sq.m)	54	76	119	153			
		Average Price (€/sq.m)	3.176	2.829	3.424	3.523			
	West Algarve	Average Prices (€)	146.600	208.000	293.000	400.800			
		Average Area (sq.m)	48	72	101	161			
		Average Price (€/sq.m)	3.054	2.889	2.901	2.489			
Blue Coast	Average Prices (€)	200.000	368.500	461.500					
	Average Area (sq.m)	70	115	145					
	Average Price (€/sq.m)	2.857	3.204	3.183					
Silver Coast	Average Prices (€)	179.000	323.850	436.800					
	Average Area (sq.m)	67	113	149					
	Average Price (€/sq.m)	2.672	2.866	2.932					
Estoril/Cascais Riviera	Average Prices (€)			531.700	1.200.000				
	Average Area (sq.m)			164	250				
	Average Price (€/sq.m)			3.242	4.800				



Tourism Condominium - Townhouses			V1	V2	Average Price (€/sq.m)	
Algarve	Golden Triangle	Average Prices (€)		575.000		
		Average Area (sq.m)		241		
		Average Price (€/sq.m)		3.622		
	Vilamoura	Average Prices (€)		839.450		
		Average Area (sq.m)		245		
		Average Price (€/sq.m)		3.426		
	East Algarve	Average Prices (€)		222.770	376.750	
		Average Area (sq.m)		70	120	
		Average Price (€/sq.m)		3.182	3.140	
	West Algarve	Average Prices (€)		348.000	419.000	
		Average Area (sq.m)		105	130	
		Average Price (€/sq.m)		3.314	3.232	
Blue Coast	Average Prices (€)		332.000	360.000		
	Average Area (sq.m)		100	115		
	Average Price (€/sq.m)		3.320	3.130		
Silver Coast	Average Prices (€)		335.000			
	Average Area (sq.m)		108			
	Average Price (€/sq.m)		3.102			
Estoril/Cascais Riviera	Average Prices (€)		425.000			
	Average Area (sq.m)		120			
	Average Price (€/sq.m)		3.542			





Palácio Estoril Residências

Tourism Condominium - Villas			V3	V4	V5	Average Price (€/sq.m)
Algarve	Golden Triangle	Average Prices (€)	1.390.000	1.550.000	2.650.000	
		Average Area (sq.m)	300	350	652	
		Average Price (€/sq.m)	4.633	4.429	4.064	
	Vilamoura	Average Prices (€)	849.500			
		Average Area (sq.m)	270			
		Average Price (€/sq.m)	3.146			
	East Algarve	Average Prices (€)	468.627			
		Average Area (sq.m)	160			
		Average Price (€/sq.m)	2.929			
	West Algarve	Average Prices (€)	464.000			
		Average Area (sq.m)	162			
		Average Price (€/sq.m)	2.864			
Blue Coast	Average Prices (€)	411.550				
	Average Area (sq.m)	154				
	Average Price (€/sq.m)	2.672				
Silver Coast	Average Prices (€)	393.810		1.489.000		
	Average Area (sq.m)	150		425		
	Average Price (€/sq.m)	2.625		3.504		
Estoril/Cascais Riviera	Average Prices (€)		1.776.750	1.890.050		
	Average Area (sq.m)		380	436		
	Average Price (€/sq.m)		4.676	4.335		



Tourism Condominium - Plots			Plots	Average Price (€/sq.m)
Algarve	Golden Triangle	Average Prices (€)	1.100.000	
		Average Area (sq.m)	750	
		Average Price (€/sq.m)	1.467	
	Vilamoura	Average Prices (€)	635.000	
		Average Area (sq.m)	460	
		Average Price (€/sq.m)	1.380	
	East Algarve	Average Prices (€)	415.000	
		Average Area (sq.m)	625	
		Average Price (€/sq.m)	664	
	West Algarve	Average Prices (€)	420.000	
		Average Area (sq.m)	550	
		Average Price (€/sq.m)	764	
Blue Coast	Average Prices (€)	362.500		
	Average Area (sq.m)	500		
	Average Price (€/sq.m)	725		
Silver Coast	Average Prices (€)	612.702		
	Average Area (sq.m)	5.262		
	Average Price (€/sq.m)	116		
Estoril/Cascais Riviera	Average Prices (€)	520.000		
	Average Area (sq.m)	600		
	Average Price (€/sq.m)	867		





## Summary and Conclusions

The third issue of the report "Portugal: The Luxury Residential Tourism Market" covering the market performance in 2008, includes several additional new developments throughout Portugal compared to the second issue of the report and provides a complete overview of all properties that were available in the market during this period of time.

Based on the analysis carried out the following conclusions can be drawn:

### 1. Tourism Resorts

1.1 Apartments - In terms of average unit value per sq.m, we can confirm a definite sustainability of value of € 3.654 per sq.m in all the areas analysed. In the Algarve (Golden Triangle) we can confirm average prices over € 4.700 per sq.m.

1.2 Townhouses - This is the product which is most uniform in terms of average value in the areas investigated, with an average reference value of € 2.900 per sq.m.

1.3 Villas - With regard to villas, we can confirm that there is a certain uniformity of values in the Western and Eastern areas and Vilamoura, and that in the Golden Triangle 4- and 5-bedroom villas have broken through the € 3.000.000 barrier, which translates as approx. € 5.200 per sq.m.

1.4 Plots of land - The values presented refer to plots of land with an average construction index of 0.5. According to the data collected it is in the Estoril/Cascais Riviera that the average value per sq.m has reached maximum exponential value of around € 1.720.

### 2. Tourism Condominiums

2.1 Apartments - We observe a price target per sq.m maintained above € 3.570: within prime locations in the Algarve (Golden Triangle) this can mean transactions on a 2-bedroom apartments above € 5.350 per sq.m.

2.2 Townhouses - For this product we have an average reference value of € 3.340 per sq.m.

2.3 Villas - We can confirm a consolidated price target over € 3.365 per sq.m, and in the area of Estoril/Cascais Riviera we can confirm that 4-bedroom villas can reach values in excess of € 4.500 per sq.m.

2.4 Plots of land - The values presented refer to plots of land with an average index of construction of 0.5. According to the sample taken, we conclude that it is in the Estoril/Cascais Riviera that the average values per sq.m reach the maximum level of € 1.700.

According to Nelson Rêgo, managing director of Prime Yield, in Portugal "the unemployment rate had a direct impact on the real estate sector, which unlike what had happened in 2007, also affected the luxury residential tourism market namely in the flow of sales in developments and also in the transaction figures of the Tourism Resort Apartments which in the East area and in the Silver Coast came down an average of 3% and 4% respectively.

Still, in this segment we did experience a favourable response, for example in the West where figures went up by about 2%. As far as where the Tourism Condominiums are concerned, the pressure was on to reduce prices and these have indeed come down by about 4% in relation to 2007."

Ole Jespersen, owner and managing director of IRG International Realty Group comments that: "In general the luxury residential tourism sector has been able to remain steady. In 2008 we saw a number of new developments come to the market which is a clear indicator of great confidence in the Portuguese real estate market."

In Ole Jespersen's opinion, "it is evident that in the already "consolidated" areas of Portugal the average sales prices have remained more or less stable. In newer areas, like for example the Silver Coast, there was a small price drop for apartments in all studied typologies in Tourism Condominiums. However, this is only evident in developments launched in 2008 and didn't affected existing developments in the Silver Coast were the prices have remained steady throughout the year."

Summing up, Nelson Rêgo states that "this market is clearly more resistant than others because it is less exposed to the dangers of these fickle economical times due to the country's natural advantages and characteristics and also because of the excellent design and build quality which allows us to compete with any direct competition from anywhere in the world."

Ole Jespersen adds that: "As far as luxury residential tourism is concerned, Portugal has excellent product on offer which is more than capable of competing with any of other traditional luxury real estate markets from southern Europe. Excellent construction quality, beautiful, market appealing architecture and prime after sales services, are important factors for both end users and investors decisions and final choices. It is again evident that location, location, location is an important factor together with producing a product appealing to the specific market. This together with a country with all the amenities and closeness to its main markets makes Portugal a strong contender for the buyers in the years to come. When a change in macroeconomics will come Portugal should be ready as a destination to reap the benefits. Quality in all Residential Tourism products and services will be a deciding factor. Portugal might never reach the heights of some other markets but we will never see the severe declines of for example Spain. So Portugal is a mature stable investment market."

#### PRIME YIELD Chartered Surveyors

geral@prime-yield.com  
www.prime-yield.com

Lisbon  
Av. António Serpa, 3A  
1050-026 Lisboa - Portugal  
Tel.: +351 217 902 540  
Fax: +351 217 970 532

Oporto  
Av. Sidónio Pais, 379  
4100-468 Porto - Portugal  
Tel.: +351 226 003 501  
Fax: +351 226 003 501

Luanda  
R. Rainha Ginga, 147 - 2º  
Luanda - Angola  
Tel.: +244 222 392 246  
Fax: +244 222 392 245

#### IRG INTERNATIONAL REALTY GROUP | Head Office Offices: Lisbon, Quinta do Lago (Algarve), Estoril and London (UK)

Avenida da Liberdade, nº 230 - 1º piso  
1250-148 Lisbon - Portugal  
Tel.: +351 210 305 022  
Fax: +351 210 305 023

info@irgportugal.com  
www.irgportugal.com

Lifestyle Properties Lda.  
AMI 3754