Research Note

Official data revision

All data presented in this report relating to the rental and transaction markets is sourced from Instituto Nacional de Estatística (INE), Portugal's national statistical authority.

Following the publication of the first-quarter 2025 data, INE discontinued the release of rental market statistics in their previous format and implemented a methodological revision, which was published on 26 June 2026. As a result, the historical rental market series were recalculated, leading to changes in both the reported number of lease contracts and rental values.

The regional transaction market statistical series were also revised and recalculated, with the updated figures published on 17 July 2026. As a result, both the reported number of transactions and transaction values were updated.

These revisions have had a material impact on the theoretical yield calculations presented in this report, as well as on any conclusions derived from them. Consequently, comparisons with previous editions of this report are not meaningful, as any differences primarily reflect methodological changes and data revisions rather than underlying market developments.

CBRE

Residential - Portugal

Key Performance Indicators H1 2026

Residential Transactions Value
€9.9B
Q1 2026
Change YoY: +3.1%

Price in Greater Lisbon Area
€3,836/sqm
Change YoY: +21%

Price Porto Metro
€2,552/sqm
Change YoY: + 18%

Residential Yield Portugal
4.86%
Change YoY: - 0.3 pp
Change QoQ: - 0.5 pp

Residential Yield Greater Lisbon
4.50%
Change YoY: - 0.2 pp
Change QoQ: - 0.5 pp

Residential Yield Porto Metro
4.76%
Change YoY: - 0.1 pp
Change QoQ: - 0.5 pp

2025 marked yet again, a new record of €41.2 billion in residential transactions – a 22% increase year-on-year. This trajectory continued into 2026, with Q1 transactions setting a new quarterly record at €9.9 billion (+3.1% YoY).

Average prices reached new record highs, standing at €3,836/sqm in Greater Lisbon (+21% YoY) and €2,552/sqm in Porto (+18% YoY).

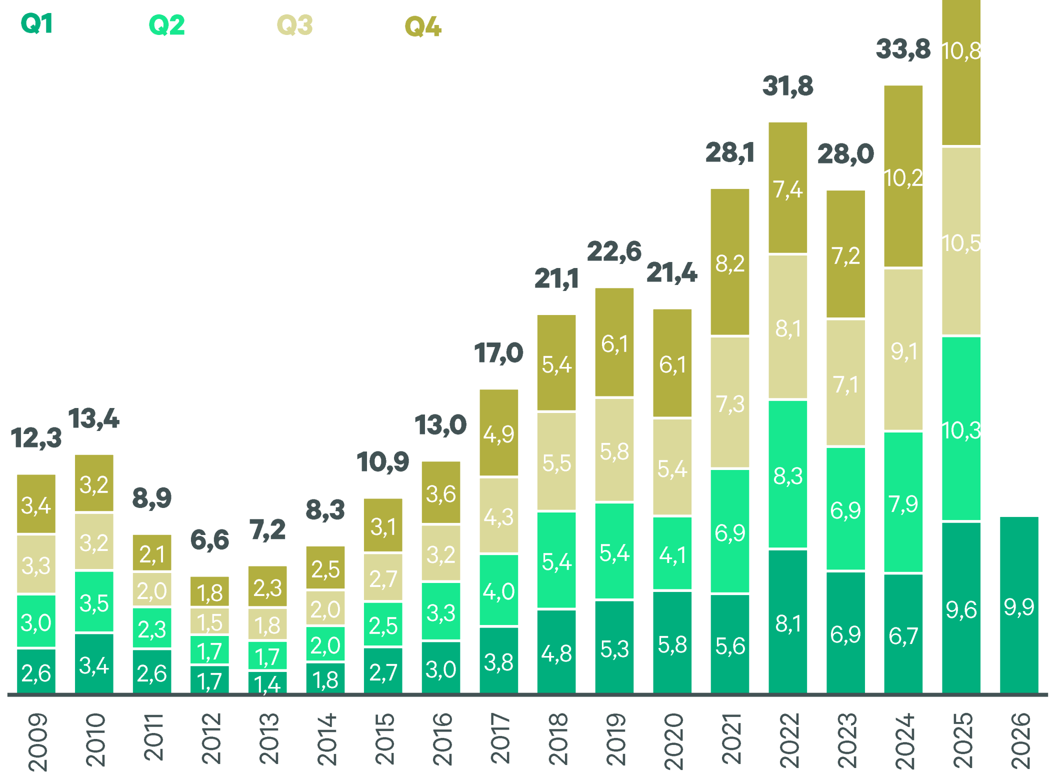
Residential yields compressed nationwide by 50 bps, settling at 4.86%. Lisbon and Porto recorded compressions of 50 bps, reaching 4.5% and 4.76%, respectively. The Setúbal Peninsula registered the most significant yield compression nationally (80 bps) bringing yields to 4.55%.

Key Residential Market Volumes - Portugal

- 000 new dwellings built [Series: Estatísticas da obras concluídas]
- '000 new dwellings licensed [Series: Inquérito aos projetos de obras de edificação e de demolição de edifícios]
- '000 new dwellings transacted [Series: Índice de Preços da Habitação]
- '000 new rental contracts [Series: Estatísticas de Preços da Habitação a nível local]

Value of residential real estate transactions

[Values in billions of EUR]



Source: INE Portugal

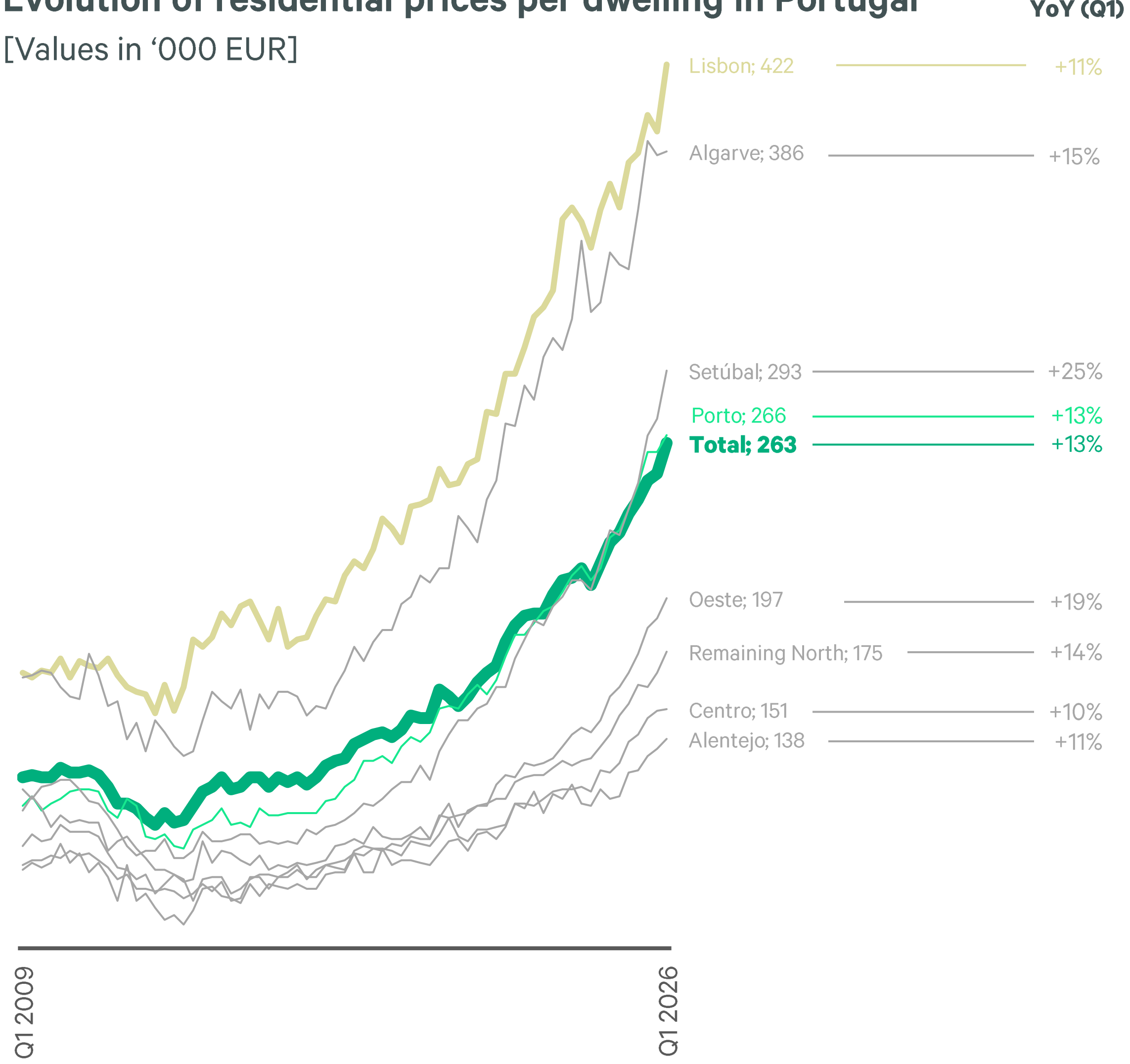
Portugal residential prices reach €263,000 per dwelling, marking 13% YoY growth

2025 marked another record year for residential transaction prices in Portugal, with momentum carrying into the first quarter of 2026. At the national level, average residential prices rose to €263,000, reflecting a 13% year-on-year increase. The most pronounced price growth was recorded in the Setúbal Peninsula (+25%), followed by Oeste (+19%), Algarve (+15%), and the Remaining North (+14%). Lisbon and the Algarve continue to rank as the country's most expensive residential markets, with Lisbon registering an 11% increase to €422,000, while the Algarve saw prices rise 15% to €384,600.

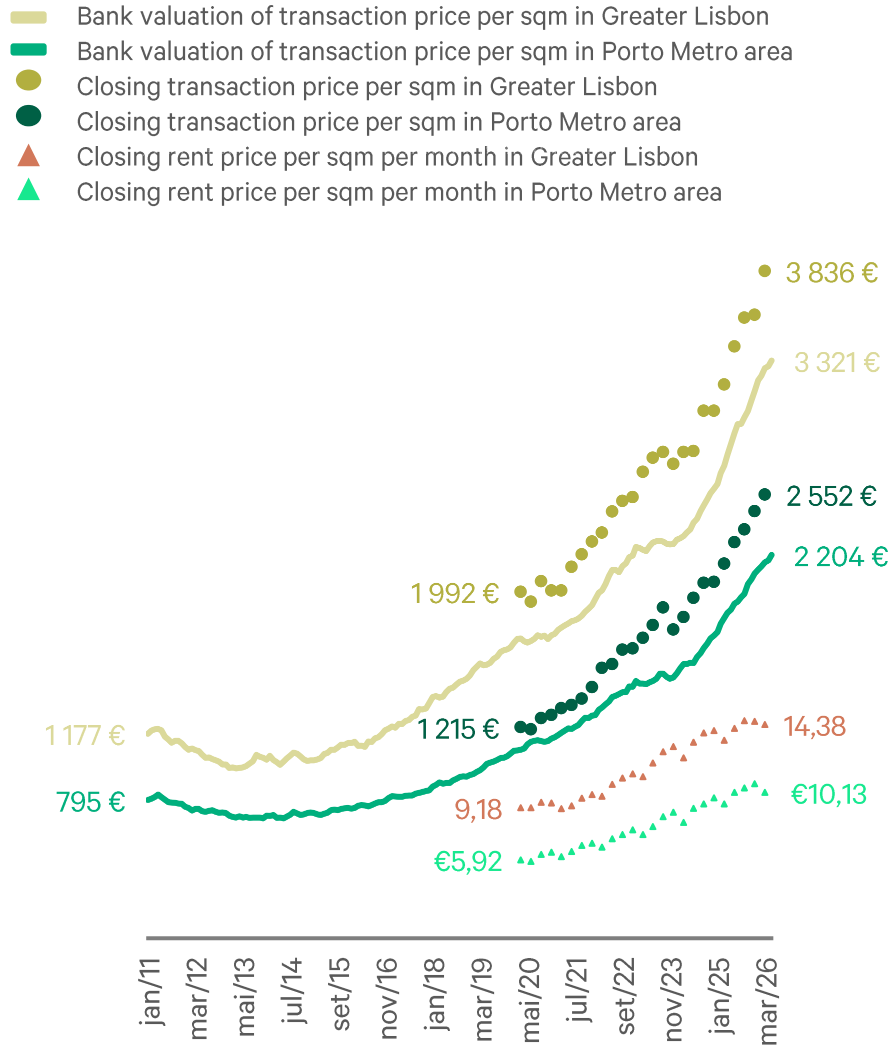
Bank valuations and achieved transaction prices continue to trend upward, reinforcing confidence in current pricing dynamics. That said, the discount between bank valuations and transaction prices in both Lisbon and Porto has widened, and prevailing market conditions offer no clear indication that this gap will narrow in the near term. Meanwhile, rental values have broadly stabilized. In Q1 2026, average rents stood at €14.38/sqm/month in Lisbon and €10.13/sqm/month in Porto.

Evolution of residential prices per dwelling in Portugal

[Values in '000 EUR]



Market Prices per sqm



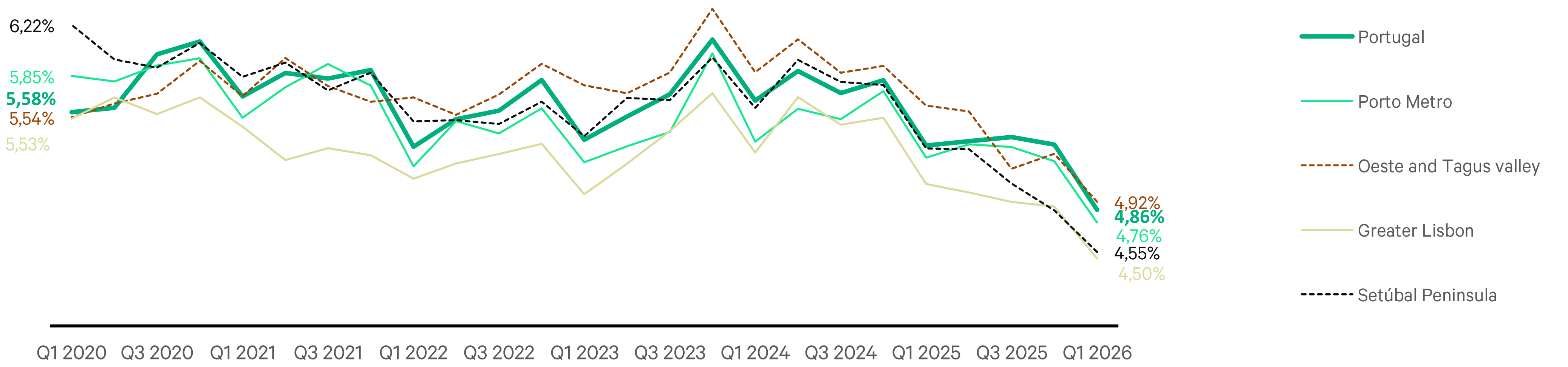
Source: INE Portugal

Residential theoretical yields compressed in Q1 2026

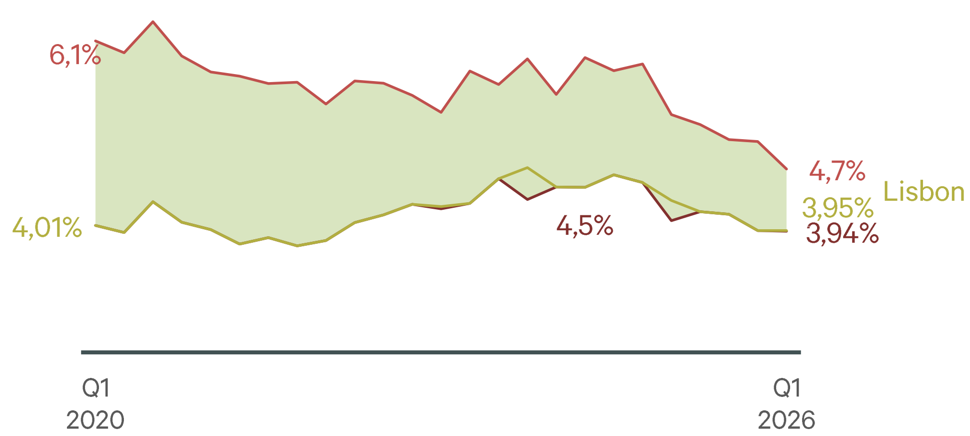
Unlike previous reporting, residential yields in Portugal have sharply declined during 2025, closing the year at 5.3% at the national level, and the downward movement momentum kept into the first quarter of 2026, as national theoretical yield currently stands at 4.86%. This trajectory results from the generally stable rents and the still increasing sell price.

In Greater Lisbon, yields declined to 4.50%, while in the Porto metropolitan area these have reached 4.76%, both registering year-on-year decreases. Regional and local variations remain notable, however: Oeste and Tagus Valley recorded the highest yield levels at 4.92%, while the Setúbal Peninsula registered the most significant yield compression, at 80 bps, settling at 4.55%. Within the main cities, yields in the Lisbon municipality compressed further to 3.95%, compared to 4.7% across the wider metropolitan area. In Porto, yields stood at 4.70% in the municipality and 4.72% in the metropolitan area.

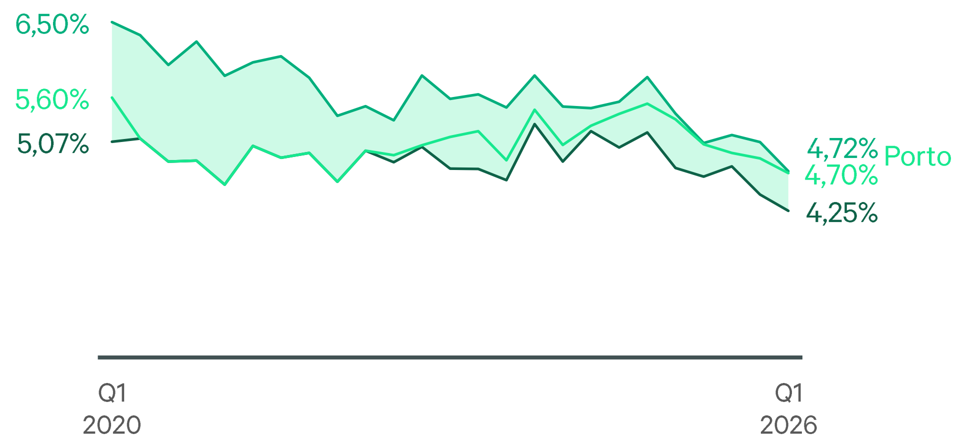
Evolution of residential Yields in Portugal



Residential theoretical yields in Lisbon Municipalities



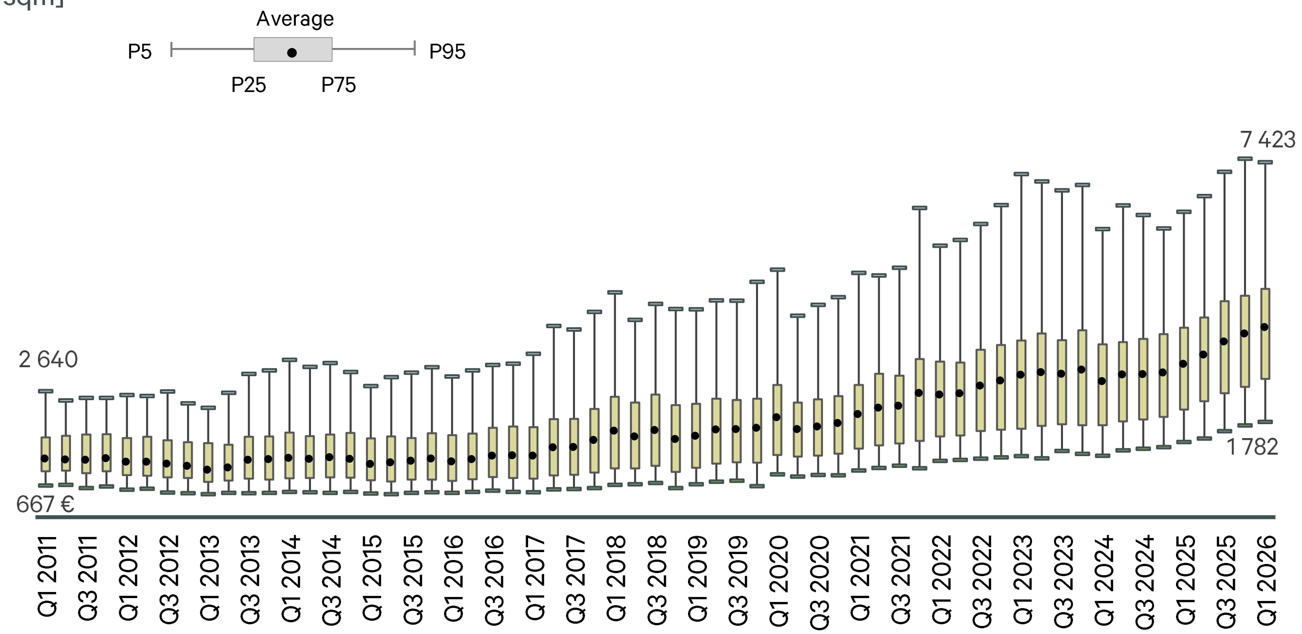
Residential theoretical yields in Porto Municipalities



Source: INE Portugal

Price evolution of housing transactions in Lisbon Metropolitan Area

[€/sqm]



Tracking the boom: price evolution of residential real estate in Portugal's two main metropolitan areas

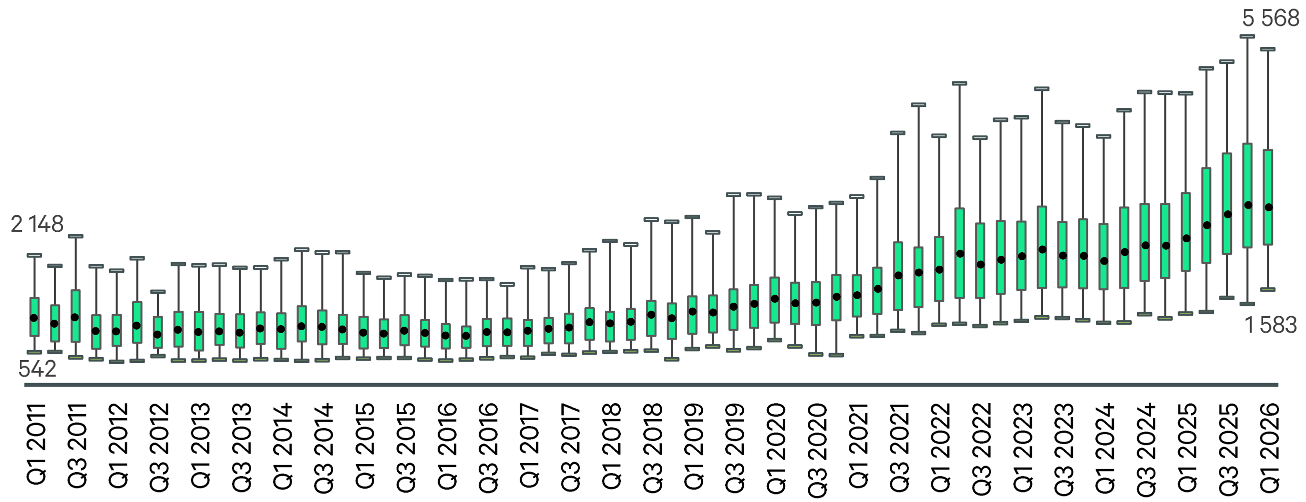
The residential transaction market in the Lisbon Metropolitan Area continues to demonstrate strong price appreciation. The average transaction value increased further, reaching a new series high of €4,041/sqm in Q1 2026.

Despite this upward trend in average prices, the distribution of transaction values became more compressed. The 95th percentile (P95) declined to €7,423/sqm in Q1 2026, while the 5th percentile (P5) increased to €1,782/sqm. As a result, the gap between premium and lower-priced transactions narrowed.

Lisbon continues to command a pricing premium over Porto. In Q1 2026, the median transaction price in Lisbon exceeded that of Porto by €845/sqm.

Price evolution of housing transactions in Porto Metropolitan Area

[€/sqm]



The Porto Metropolitan Area has maintained a positive long-term pricing trend. However, average transaction values recorded a slight decrease of -1% QoQ in Q1 2026, standing at €3,196/sqm.

Porto exhibits a pattern comparable to Lisbon in terms of price distribution. The 95th percentile (P95) decreased to €5,568/sqm, while the 5th percentile (P5) increased to €1,583/sqm in Q1 2026. This suggests that price growth remained concentrated in the lower-end segment of the market, while higher-value transactions experienced some moderation. Consequently, the spread between premium and lower-priced transactions also narrowed.

Lisbon continues to command a pricing premium over Porto. In Q1 2026, the median transaction price in Lisbon exceeded that of Porto by €845/sqm.

Source: Confidencial Imobiliário

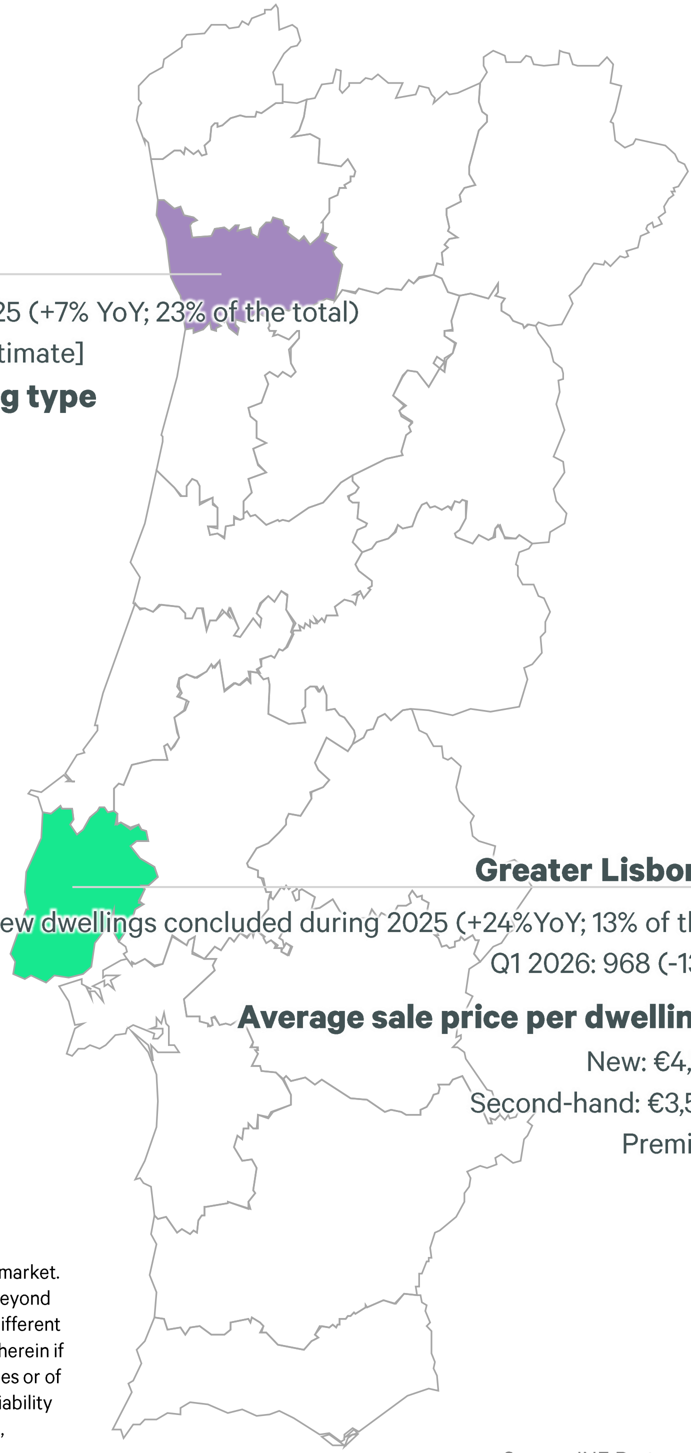
In Portugal, 27.3 thousand new dwellings were completed in 2025, with a further 6.9 thousand in Q1 2026 (+3.6% YoY)

2025 marked the highest volume of new finished construction of new residential developments in the last 15 years. This upward trend has continued into the first quarter of 2026, with the number of completed housing units increasing by approximately 3.6% compared with the first quarter of 2025.

Porto recorded a total of 6,184 new dwellings completed during 2025, which represents a 7% increase compared to the previous year.

Lisbon recorded an increase in residential construction activity in 2025. A total of 3,545 dwellings were completed during the year, representing a 24% YoY increase. However, the first quarter of 2026 registered a deceleration in construction activity, as the number of new dwellings completed (968) decreased by 13% compared to the homologous period last year.

In Lisbon, average sale prices reach €4,172/sqm for new residential units and €3,526/sqm for second-hand properties, compared to €2,754/sqm and €2,292/sqm, respectively, in Porto. While Lisbon commands a significantly higher price level across both segments, the new-build premium is slightly higher in Porto (20%) than in Lisbon (18%).



Source: INE Portugal

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