When is the Right Time to Buy in Portugal

Buyers wrestling with the timing of their Portugal purchase

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TL;DR

- You cannot time the Portuguese cycle. You can absolutely avoid buying when your life is not ready for the purchase.
- The market in 2026 is not "recovering" or "cheap" — it is structurally undersupplied, with INE 2025 median at €2,076/m² (+16.8% YoY) and the foreign-buyer share falling to 27.6%.
- Personal readiness — financing clarity, time in the area, a 5+ year horizon — beats cyclical timing for almost every buyer holding longer than seven years.

Key 2026 stat

€2,076/m² — Portugal's median transaction price for full-year 2025 (INE, published April 2026), +16.8% YoY. A buyer waiting for "the dip" has now spent three consecutive years waiting through double-digit annual growth. The dip thesis is the most expensive bet in this market.

Introduction: You Cannot Time the Market — But You Can Avoid the Worst Times

Every buyer who has stared at a Portuguese property listing has asked the same question: should I buy now, or wait?

It is the most natural question in the world. It is also, in its purest form, unanswerable. If you could reliably forecast the bottom of a property market two or three years out, you would not be reading a buyer's guide — you would be running a hedge fund. The honest truth, after watching this market through the Golden Visa boom, the COVID convulsions, the 2022 rate shock, and the post-2024 policy resets, is this:

You cannot time the Portuguese property market. You can avoid buying at the worst times. And you can stack the odds in your favour by understanding where you are in the cycle, what is moving the cycle, and what your own life clock is telling you.

Most timing mistakes in Portugal are not made by people who bought "at the wrong moment in the cycle". They are made by people who bought when their *life* was not aligned with the purchase — they bought before they had financing clarity, before they had spent meaningful time in the area, or before they had thought through what happens if they need to sell in three years instead of fifteen. A bad property bought at the cyclical bottom is still a bad property. A good property bought a year before the cyclical peak is, fifteen years later, almost always a good decision.

This guide is the cycle-context companion to our more decision-focused Buy Now or Wait framework. If you want the scoring checklist and the worked math for *this year's* decision, start there. If you want the macro picture and the personal-readiness frame that sits above any single year's choice, you are in the right place.

A note on data. Figures are drawn from INE (Instituto Nacional de Estatística), Banco de Portugal, the ECB, and idealista, current as of 13 May 2026 unless dated otherwise.

Where Are We in the Cycle?

The Portuguese housing market in 2026 looks nothing like the market most foreign buyers picture in their heads. The mental image many people still carry — cheap, undervalued, recovering from the 2008 crisis — is more than a decade out of date. A more accurate image is: structurally undersupplied, demographically pressured, internationally desirable, and three years into the kind of growth that does not look like a "recovery" any longer.

Price path 2015–2025 (national median)

The table below shows the national transaction-median path since 2015, with the cyclical drivers annotated. The 2025 figure is INE's full-year median published in April 2026.

Year	Median €/m² (INE)	Annual change	What was happening
2015	~960	—	Crisis recovery begins. Golden Visa (2012) gathering steam.
2017	~1,090	high single-digit	Lisbon and Porto lead. Golden Visa peak.
2019	~1,290	high single-digit	Pre-COVID peak demand. Algarve resort sector hot.
2021	~1,500	double-digit	Remote-work influx. Inventory drains.
2022	~1,650	+10%	Peak post-COVID. Euribor begins climbing mid-year.
2023	~1,720	+4%	Mais Habitação. Golden Visa real-estate route closed.
2024	~1,777	+3%	Classic NHR ends; IFICI launches. Foreign-buyer share falls.
2025	**€2,076**	**+16.8%**	Rebound year. Foreign share down to 27.6%. Domestic demand absorbs.

Source: INE, *Estatísticas de Preços da Habitação ao Nível Local*, full-year 2025 release (April 2026).

The post-2024 narrative — "foreigners are leaving, prices will fall" — turned out to be the wrong bet. Foreign buyers' share of family-sector housing transactions did fall from the 2023 peak of around 31% to **27.6% in 2025** (INE, published 24 March 2026). But Portuguese domestic demand absorbed the gap and then some. Price growth *accelerated* in 2025.

This is the single most important fact for any 2026 buyer to internalise: this is no longer a foreign-buyer-driven market in the way it was during the Golden Visa years. It is a structurally undersupplied housing market in a small country with a chronic deficit of new construction.

Regional divergence is sharper than national averages suggest

National averages hide the real story. The INE 2025 regional medians:

Area	Median €/m² (INE 2025)	Cycle phase
Greater Lisbon	€3,439	Firm; central Lisbon plateauing
Algarve	€3,139	Strong, supply-constrained
Setúbal Peninsula	€2,596	Catch-up trade from Lisbon
Madeira (RAM)	€2,500	Steady
Porto Metropolitan Area	€2,305	Fastest mover from a low base
Lisboa municipality (national-domiciled buyer)	€4,813	Plateauing in prime
Lisboa municipality (foreign-domiciled buyer)	€6,026	The premium foreigners pay
Portugal national median	**€2,076**	Driven by mid-tier and interior

Source: INE 2025 full-year release, April 2026. The Lisbon split between domiciled and foreign-domiciled buyers (€4,813 vs €6,026) is the cleanest single number for the "foreign-buyer premium" debate: roughly a 25% gap on the same municipality.

Three regional patterns matter:

1. **Lisbon prime is plateauing.** Central Lisbon and Cascais are no longer leading the index. They are growing at low single-digit rates. Healthy slowdown, not a crash signal.
2. **Porto is the catch-up trade.** Faster growth from a base nearly €1,100/m² below Lisbon's. Where the relative-value flow has gone.
3. **The Algarve splits in two.** Coastal resort areas (Lagos, Albufeira, Vilamoura) stay strong on tight supply. Inland Loulé, Tavira, and São Brás increasingly attract buyers who want authentic living rather than resort lifestyle. The interior (Beja, Castelo Branco, Guarda) sits well below €1,000/m² and has barely participated in the rally — buy here for lifestyle, not capital growth.

The Five Macro Factors Moving the 2026 Market

You do not need to forecast these perfectly — nobody can — but you need to know which way each one is leaning, because together they shape the probability that next year is better or worse than this year.

1. Mortgage rates (Euribor)

Roughly 90% of Portuguese home loans price as a spread over 6-month or 12-month Euribor. Where we are, as of 13 May 2026 (EMMI fixings):

Tenor	Late 2021	2023 peak	13 May 2026
3-month Euribor	-0.55%	~4.00%	**2.283%**
6-month Euribor	-0.50%	~4.10%	**2.548%**
12-month Euribor	-0.50%	~4.20%	**2.860%**

Source: BPstat / EMMI, as of 13 May 2026. The 6-month is the dominant index in the Portuguese mortgage stock (39.4% of variable HPP contracts per Banco de Portugal, March 2026).

The ECB has held its deposit rate at 2.00% for six consecutive meetings. Most economists expect Euribor to hold sideways through mid-2026; swap markets are pricing some probability of one or two further hikes if inflation surprises to the upside.

What this means for timing: the cheap-money window of 2020–2021 is not coming back this cycle. If you are waiting for a return to 1% Euribor, you may be waiting most of the decade. The realistic best case for waiting is rates falling 50–80 basis points over 18–24 months — meaningful, but not transformational against the price growth that is likely to occur in the same window.

2. Construction costs are not falling

In early 2026 construction costs for new residential buildings rose roughly 4.7% YoY, an acceleration from the 2024–2025 plateau. The driver is labour: the Portuguese building sector is short an estimated 90,000 workers, and labour costs jumped close to 9% YoY in late 2025.

The 2026 housing fiscal package (**Lei n.º 9-A/2026, de 6 de março**, with the complementary *decreto-lei autorizado* promulgated 12 May 2026) cuts VAT on construction and rehabilitation of housing to **6%** for sale up to €660,982 or for rent at ≤€2,300/month. That helps developers' margins on moderate-band stock — it does not lower the cost of building above-band housing, where most foreign-buyer interest sits.

What this means for timing: the replacement cost of housing is rising. That puts a floor under prices in the segments above the moderate-band cap, because developers cannot deliver new product below their marginal cost.

3. Supply is structurally short

Portugal licensed roughly 200,000 new homes annually in the early 2000s. In 2024, that figure was around 28,000 (INE construction-licensing series). The OECD's January 2026 *Economic Survey of Portugal* makes housing affordability and supply its single longest chapter. Supply is the binding constraint, and it will not be solved in the 2026–2028 horizon.

What this means for timing: waiting for supply to "catch up" is not a strategy. Supply is not catching up.

4. Demand has shifted, not collapsed

The end of the Golden Visa real-estate route (October 2023) and the end of the classic NHR (December 2023) did remove one slice of demand. Foreign-buyer share fell from a 2023 peak near 31% to **27.6% in 2025** (INE, March 2026).

But the headline numbers around the shift matter less than three sub-trends:

- High-end foreign demand (€1m+ properties) has held up well, particularly in Cascais, Comporta, and prime Algarve.
- The IFICI regime (replacing NHR; in force from January 2024) is real, narrower in scope, and aimed at qualifying highly-qualified workers — a smaller pipeline, but a continuing one. Foreign pensions are *not* covered by IFICI: pension-only retirees no longer receive a Portuguese tax advantage on the income stream that drew most of them here in the NHR years.
- Domestic demand fully absorbed the foreign-buyer reduction. The 2025 +16.8% rise happened *while* foreign share was falling.

5. Currency

For non-Euro buyers, the euro's strength or weakness can swing the effective price of a Portuguese home by 10–15% in a single year. Mid-May 2026 spot and consensus bank forecasts to year-end:

Pair	Spot (13 May 2026)	End-2026 consensus
EUR/USD	~1.13	1.18–1.24
GBP/EUR	~1.18	1.13–1.18
EUR/CHF	~0.94	0.92–0.96

Sources: MUFG, ING, Rabobank 2026 outlooks.

For US dollar buyers, the consensus expects the dollar to weaken into late 2026 — your euros will likely cost *more* dollars later, not fewer. For UK pound buyers the picture is more balanced. We unpack the hedging mechanics below.

Personal Readiness Matters More Than Cyclical Timing

Here is the dirty secret of property timing: for the typical buyer holding 7+ years, your personal readiness matters at least as much as the cyclical entry point.

Are you actually ready to buy? A "yes" looks like:

- Cash for deposit, transaction costs (roughly 8–11% of purchase price for a non-resident on a sub-€1.15M property under the new flat-IMT regime — see below), and six months of carrying costs in reserve.

- Mortgage pre-approval if you are financing — not just an indication, but written approval valid for 60 days. Non-residents typically see LTVs of 60–75% with spreads above resident borrowers.
- Emotional clarity: you have spent enough time in the area to know it in winter, not just July.
- A clear "second buyer" in your head: if you needed to sell in three years, would there be a market for this specific property?

Will you live in it more than five years? Time in the market beats market timing. The Portuguese transaction round-trip cost — IMT, stamp duty, notary, lawyer, sale-side agent commission, capital gains on 50% of the gain at progressive IRS rates — sits at roughly 12–15% of property value. For that to be amortised by capital growth, you typically need 4–6 years of holding at recent growth rates. If your honest answer to "will I still be in this house in five years?" is "probably not", then *no* market entry point is a good one. Rent.

Are taxes and visa aligned? If you are moving under a visa programme, the timing of your purchase should follow your residency strategy, not lead it. The 2026 housing package (Lei 9-A/2026) applies a **flat 7.5% IMT** on any non-resident acquisition of urban residential property, regardless of price — with refund routes if you become Portuguese tax resident within 2 years of acquisition or rent the property at moderate rates (≤€2,300/month for at least 36 months within 5 years). The flat regime is approved; until the *decreto-lei autorizado* is published in the *Diário da República*, treat it as imminent rather than fully operational, and time the closing with your fiscal adviser.

Is your life situation stable? Career change in six months? Children moving schools? A relationship still finding its rhythm? These are signals to wait. Property is the most life-coupled financial decision you make. Buying through a transition is buying with a blindfold on.

Best Time of Year to Buy

Within any given year, the Portuguese market has a clear seasonal rhythm. Most foreign buyers ignore it. They should not.

Spring (March–May) — peak listings, peak competition. Inventory is high; competition is too. You will see more options but pay closer to listing.

Summer (June–August) — avoid. The Algarve is a logistical nightmare in July and August. Agents juggle rental clients, sellers are away, viewings happen in 38°C heat that masks every air-conditioning weakness. Worst time to negotiate, worst time to see the property honestly.

Autumn (September–November) — the sweet spot. Spring listings that didn't sell are now in the hands of motivated sellers. Tourists have gone home. Sellers want to close before year-end for tax reasons. If you can only fly in once, fly in October.

Winter (December–February) — steepest discounts, hardest viewing conditions, but most honest. Damp walls show, drainage problems show, north-facing rooms feel cold. Six-month-stale listings are the most flexible they will ever be. This is where you find the 10–15% discount on properties that were optimistically priced in spring.

Season	Inventory	Competition	Negotiation room	Viewing conditions
Spring	High	High	Low	Excellent
Summer	Medium	High	Low	Misleading
Autumn	Medium	Medium	Medium	Good
Winter	Lower	Low	High	Honest (harsh)

Best Time in Your Life to Buy

The cyclical question is "when in the market". The deeper question is "when in your life".

30s and early 40s — long horizon, transaction costs amortise over 20+ years, mortgage debt pays down with inflation. The mathematics of ownership work most favourably here. Even cyclically poor entry points get rescued by time.

Late 40s and 50s — the window for an "anchor" Portugal purchase. Children approaching independence, career income near peak, retirement in sight. The most common Portugal-buyer demographic, and rightly so. If retirement here is the plan, buying 3–7 years before relocating lets you settle the property, work through renovation, and arrive in a finished home rather than a project.

60s and early 70s — retirement-aligned. Pay attention to exit cost, succession, and the practical reality that the house you love at 65 may be too much house at 78. Single-storey with low garden maintenance is rarely the wrong call.

Mid-70s and beyond — most people in this bracket are better off renting in Portugal than buying. Transaction costs are too high to amortise, the bureaucratic load of Portuguese property ownership is real, and the optionality of being able to leave on six months' notice is genuinely valuable. There is no shame in renting forever. For a meaningful slice of buyers, it is the better answer.

Macro Indicators to Watch in 2026

You do not need a Bloomberg terminal. You need five numbers, refreshed quarterly:

Indicator	Source	Why it matters
INE House Price Index (quarterly)	INE	Authoritative transaction medians, lags by ~5 months
idealista price observatory (monthly)	idealista	Asking-price pulse, ahead of INE by 2 quarters; methodology differs
Mortgage credit volumes (monthly)	Banco de Portugal	When new origination rolls over for two consecutive quarters, prices soften within 6–9 months
Notary deeds count	INE	Transaction volumes — falling volumes precede price softness
New construction starts / licences	INE	Supply pipeline — currently anaemic

If three of those five turn negative simultaneously for two consecutive quarters, you have a real signal. Until then, the cycle is intact.

A note on idealista vs INE numbers: idealista publishes asking-price indices (May 2026: +10.8% YoY to a new high); INE publishes transaction-price medians (full-year 2025: €2,076/m², +16.8%). The two indices are not interchangeable. Idealista leads, INE confirms. Use both; do not pretend they are the same number.

Currency Timing for Foreign Buyers

A Portuguese home that costs €500,000 looks very different to different buyers depending on FX:

GBP/EUR scenarios

Rate (GBP/EUR)	Cost of €500k home in £
1.10	£454,545
1.15	£434,783
1.18 (today)	£423,729
1.20	£416,667
1.25	£400,000

A 5% move from 1.18 to 1.24 saves a UK buyer roughly £18,000 on a €500,000 home. Worth waiting a few weeks for if the trend is your friend — never worth waiting two years for, because two years of price appreciation has historically outrun two years of FX moves.

USD/EUR scenarios

Rate (EUR/USD)	Cost of €500k home in $
1.05	$525,000
1.13 (today)	$565,000
1.18	$590,000
1.22	$610,000
1.25	$625,000

The 2026 bank consensus that the dollar weakens by year-end argues *against* waiting for FX if you are a US buyer.

Hedging without speculating

For buyers who have committed to a property and are 60–120 days from completion:

- **Forward contracts** through a specialist FX broker (Wise Business, OFX, Currencies Direct) lock today's rate for delivery on completion day. Typically zero or low fee. Removes the single largest non-property risk in the entire transaction.
- **EUR-denominated mortgages** for foreign buyers natively hedge the financed portion. You carry FX risk on the deposit, not the whole property.
- **Avoid speculation.** "I'll wait for GBP/EUR to hit 1.22" is gambling, not strategy. Pick a rate you can live with and lock it.

The Case for Buying Now

1. **Inflation is eroding cash.** Eurozone inflation in 2025 ran around 2.4%; Portuguese property grew 16.8% (INE). Cash held for "the right moment" loses real purchasing power against the asset you intend to buy.
2. **Mortgage rates are unlikely to fall fast.** A return to sub-2% Euribor is unlikely before 2027 and far from guaranteed even then.
3. **Inventory is finite in prime areas.** Cascais, central Lisbon, Lagos, Vilamoura are not making more land. The good house you saw last month may not have a 2027 equivalent at any price.
4. **Visa and tax windows close, not open.** Golden Visa real-estate route gone. Classic NHR gone (foreign pensions no longer exempt under IFICI). The 2026 housing package brings the flat 7.5% non-resident IMT. Future changes have, on balance, tightened — not opened.
5. **Construction costs put a floor under prices.** New-build replacement cost is rising, which tightens the resale market in the bands where most foreign buyers shop.

The Case for Waiting

1. **Specific micro-markets are overheated.** Short-term-rental zones in central Lisbon, certain Cascais streets, Vilamoura two-bedroom apartments are showing signs of plateau and could correct 5–10%. If you have flexibility, waiting 12 months in *these specific submarkets* is defensible.
2. **Refinancing optionality.** If you take a higher-rate mortgage today and Euribor falls 100bps in 2027, you can refinance. Real option value — "buy now even at higher rates" is less painful than the headline rate suggests.
3. **Personal life not aligned.** The strongest reason to wait. No entry price compensates for a wrong life moment.
4. **You haven't seen the area in winter.** Buying in July and discovering in February that the road floods, the heating is electric panel, and the village is half-empty out of season is a classic and avoidable mistake.

The Case for NEVER Buying

For a non-trivial subset of buyers, renting in Portugal indefinitely is the correct answer. Consider lifetime renting if:

- Your time horizon in Portugal is genuinely uncertain or shorter than five years.
- You value mobility — the option to move from Lisbon to Porto to Algarve as life dictates without a 12–15% transaction haircut.
- You are in your 70s+ and the bureaucratic overhead of Portuguese property ownership (IMI, condominium meetings, fiscal representation, AT filings) feels like a burden.
- Your investable capital earns more than rental yield (currently 4–6% gross in residential Portugal). For a high-net-worth investor with a diversified portfolio, the opportunity cost of capital tied in property is real.
- You value freedom from concentration risk. A single Portuguese property is, by definition, an undiversified bet.

There is no shame in this answer. Some of the happiest expats we know rent. We explore the full set of profiles in When Buying Property in Portugal Does Not Make Sense.

Decision Framework: A 10-Question Readiness Check

This guide focuses on whether *you* are ready over a long horizon. For a scoring framework focused on *this year's* buy-or-wait call with worked math, use Buy Now or Wait.

For long-horizon readiness, score each question yes (1) or no (0). 8 or more: ready. 5–7: prepare more. 0–4: keep researching.

1. Have I spent at least 30 days in the area I plan to buy in, across two different seasons?

2. Do I have written mortgage pre-approval (or full cash) covering purchase price plus 10% transaction costs plus 6 months of reserves?
3. Have I had my NIF for at least 12 months and filed at least one Portuguese tax return?
4. Do I plan to live in or use this property for at least 5 years?
5. Have I viewed at least eight properties in person before making an offer?
6. Have I instructed an independent Portuguese lawyer (not the agent's lawyer)?
7. Have I checked the property's *caderneta predial*, *certidão permanente*, and *licença de utilização*?
8. Have I budgeted for ongoing costs (IMI, condominium, insurance, maintenance) at 1.5–2% of purchase price annually?
9. If I had to sell in three years, can I name three reasons a future buyer would still want this specific property?
10. Have I slept on the decision for at least seven days after deciding I want to buy it?

Sunk Cost vs Future Cost

The most expensive timing mistake we see is sunk-cost reasoning: "I should have bought in 2019 when prices were 40% lower". The 2019 price is irrelevant to a 2026 decision. The only price that matters is the price today against the price next year.

A related mistake: "this property is up 20% from when it was last sold in 2022 — it must be overpriced". The 2022 price is gone. The relevant questions are: is the current asking price in line with comparables this quarter, and is it a price you can comfortably hold for 5+ years?

Forward thinking. Always forward.

Common Timing Mistakes

1. **Trying to call the bottom.** Nobody does this consistently. The bottom is only visible in the rear-view mirror, by which time prices are 8% above it.
2. **Letting one data point dominate.** A single quarter of slowing transactions is not a trend. Wait for two consecutive quarters of confirmation across multiple indicators.
3. **Acting on rumour.** "I heard the EU is going to mandate Portugal restrict foreign buyers" — this rumour has circulated for eight years. Decisions made on dinner-party gossip age badly.
4. **Letting FOMO drive into the wrong property.** A bad property bought in panic at a cyclical peak is the worst outcome. Better to wait six months and buy the right property than to buy this Tuesday's property.
5. **Confusing "the market is high" with "every property is overpriced".** Mispriced properties exist at every cyclical phase. Evaluate the specific property, not the headline index.
6. **Ignoring carrying costs while waiting.** Rent, FX exposure, opportunity cost of deposit — waiting is not free.

7. **Anchoring to "what I would have paid in 2018".** It is 2026. The 2018 price is a museum exhibit.

Conclusion

The "right time" to buy in Portugal is not a date on the calendar. It is the intersection of three readiness conditions: the cycle is not in obvious bubble territory (it is not — growth is decelerating from 16.8% in 2025 toward mid-single-digits, but staying positive); your finances are genuinely ready (deposit, reserves, mortgage clarity, FX hedged on what you can hedge); and your life is genuinely ready (time spent in the area, slept-on decision, lawyer engaged).

If those three are aligned, the cyclical entry point is the least important variable. If they are not aligned, no cyclical entry point will save you.

Buy when *you* are ready. The market will be roughly the market. You are the only variable you control.

Related reading

- **Buy Now or Wait** — the scoring framework and worked scenarios for this year's specific buy-or-wait decision. The decision-tool companion to this cycle-context guide.
- **When Buying Property in Portugal Does Not Make Sense** — twelve buyer profiles where renting beats buying. Read this before you score yourself "ready".
- **Buy to Live vs Buy to Rent** — the upstream strategic question your purchase model rests on.
- **Taxes and Costs of Buying Property in Portugal** — the entry-tax reference. Run the numbers on your specific case before committing to a closing date.
- **First Home in Portugal** — for buyers crossing the line for the first time, the operational sequence.

How 2nd Haus can help

We run a buyer-side **market-timing advisory** for clients who are within 12 months of a Portuguese purchase. It is not a market forecast — nobody can forecast this market reliably. It is a structured review of where you sit on the readiness frame above, against the specific micro-market you are looking at, the specific tax regime that applies to you, and the FX exposure you carry.

Format: a single 90-minute working session, fixed fee, written follow-up note. Outcome: a clear "ready / not ready / ready if you fix X first" call against your own situation. Book through 2ndhaus.pt and tell us where you are in the cycle.

Sources

Primary

- INE — *Estatísticas de Preços da Habitação ao Nível Local*, full-year 2025 release (INE Destaques)
- Banco de Portugal — LTV, DSTI and maturity limits; BPstat mortgage and Euribor series
- ECB — Survey of Professional Forecasters; monetary-policy decisions
- *Diário da República* — Lei n.º 9-A/2026, de 6 de março (housing fiscal package)
- OECD — *Economic Surveys: Portugal 2026*, January 2026
- EMMI / BPstat — Euribor por prazo (13 May 2026 fixings)

Further reading

- idealista price observatory, May 2026
- ECO — Uma em cada quatro casas vendidas em 2025 foi para mãos estrangeiras (24-03-2026)
- MUFG, ING, Rabobank — 2026 G10 FX outlooks
- PwC Portugal — State Budget 2026, property taxes

Last updated: 15 May 2026. Verified against 2nd Haus canonical-facts reference of the same date. This guide is reviewed quarterly; Euribor and FX numbers are point-in-time snapshots — always check BPstat and your bank for live data before transacting.

Want a buyer-side advisor on your specific case?

2nd Haus is a buyer-side real-estate consultancy specialised in the Algarve. We will tell you not to buy if that is the honest answer.

Talk to 2nd Haus