JLL SEE A BRIGHTER WAY

MARKET 360

REPORT

2025 / 2026

REAL ESTATE MARKET IN PORTUGAL

Executive Summary

Portugal's Real Estate Market demonstrated robust performance in 2025, with commercial investment volumes increasing substantially year-on-year and exceeding the market's long-term average. This growth was underpinned by strong macroeconomic fundamentals, with GDP projected to expand above Eurozone averages, stable inflation, and a resilient labour market reinforcing investor confidence.

Investment activity was notably more balanced across quarters, with retail assets leading market share, followed by a significant surge in office investment driven predominantly by domestic capital. The living sector attracted its highest volume in five years, led entirely by purpose-built student accommodation.

Looking ahead, Portugal is well-positioned to sustain its appeal as a prime investment destination. The office market is expected to see strengthening demand driven by a continued flight to quality, placing upward pressure on rents as the supply of Grade A space remains limited. In retail, experience-led formats and well-located assets continue to outperform, with experiential retail and retail parks demonstrating particular resilience.

The industrial and logistics sector benefits from nearshoring momentum and e-commerce expansion, though supply constraints are intensifying as available development land diminishes. Data centres are emerging as a strategic opportunity, supported by Portugal's renewable energy capacity and sovereign AI development initiatives.
The residential market is anticipated to see price growth moderate as affordability constraints and higher financing costs temper increases. Government policy measures will be central to the sector's evolution, though their impact on stimulating large-scale supply remains uncertain given persistently high construction costs.

In living, purpose-built student accommodation is poised for accelerated growth as Portugal emerges as one of Europe's most undersupplied markets, while senior living consolidation and operational efficiency define investment activity.

Portugal's lasting appeal is set to strengthen, supported by diverse capital sources and a targeted investment approach across retail, hospitality, and student accommodation sectors.

CONTENTS

01 MACRO ECONOMIC OVERVIEW

The economic outlook for Portugal remains positive, with strong fundamentals that position its growth to outpace the Eurozone average. Projections for 2026 indicate a GDP growth of 2.3%. This is supported by stable inflation, which is forecast to remain around the 2.0% target. Key drivers of this performance include a robust labor market, with unemployment expected to stay low, and sustained private consumption.

Economic Projections for Portugal

	2025	2026
GDP (YoY)	2.0%	2.3%
PRIVATE CONSUMPTION (YoY)	3.6%	2.3%
UNEMPLOYMENT RATE (%)	6.2%	6.3%
INFLATION (YoY)	2.2%	2.1%
10 YEARS GOVERNMENT BONDS YIELD (%)	3.1%	3.2%

SOURCES: JLL Research, Banco de Portugal (Dec 2025), Oxford Economics (Jan 2026)

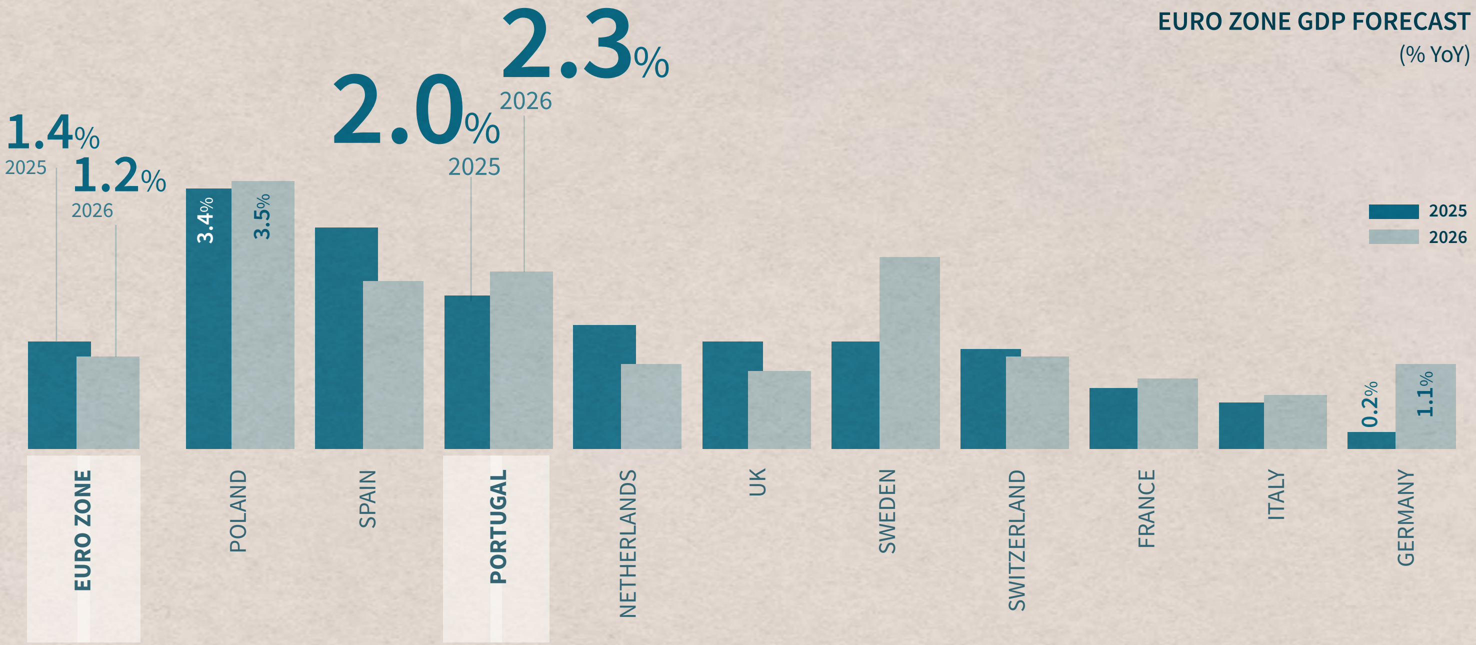
MACRO ECONOMIC OVERVIEW

This strong economic performance is mirrored in the country's public debt ratings from major credit agencies. As of early 2026, Portugal holds an 'A' rating with a stable outlook from Fitch, following an upgrade in September 2025. S&P Global Ratings provides an 'A+' rating with a stable outlook, last upgraded in August 2025. Moody's Investors Service maintains an 'A3' rating with a stable outlook.

Investor confidence is further evidenced by the performance of Portuguese government bonds. The spread between Portuguese and German 10-year government bond yields, a key indicator of perceived risk, has narrowed to minimal levels, standing at approximately 35 basis points as of January 2026. This narrow-spread highlights the market's positive assessment of Portugal's fiscal stability and reflects a significant increase in investor confidence.

EURO ZONE GDP FORECAST

(% YoY)

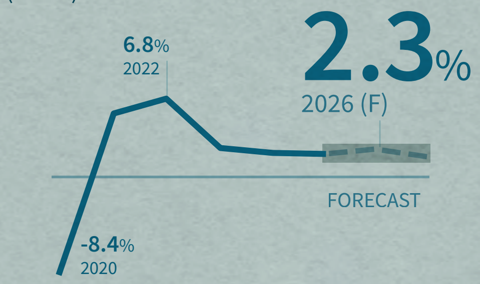


MARKET FORWARD VIEW OF ECB DEPOSIT RATE

(%)

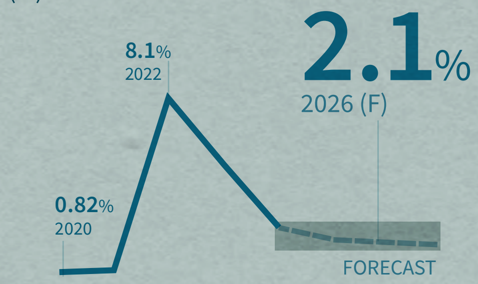
GDP

(% YoY)



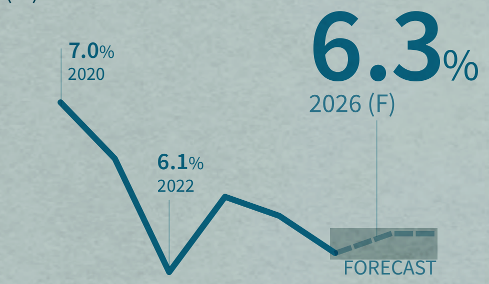
INFLATION

(%)



UNEMPLOYMENT RATE

(%)



SOURCES: JLL Research, Banco de Portugal (Dec 2025), Oxford Economics (Jan 2026)

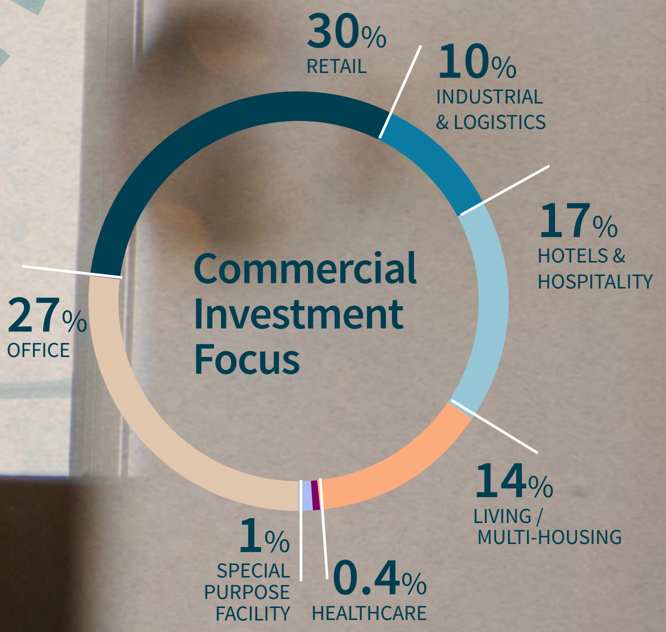
02 INVESTMENT MARKET

2025

2.8bn

+21% YoY

Portugal's commercial real estate market demonstrated robust performance in 2025, with transaction volumes reaching €2.8 billion, marking an increase of 21% from the previous year. This figure outperforms the market's average volume over the past 5 to 10 years, which hovers around €2.5 billion. In contrast to the previous year's strong second half, investment in 2025 was more evenly distributed, culminating in the year's most active quarter in the final three months and demonstrating greater market stability. Remarkably, 50% of the transaction volume was allocated to assets in the North region.



The notable growth registered in 2025 can be attributed to various factors

- The favorable macroeconomic environment and strong tourism levels reinforced asset performance and sustained investors appetite;
- Investor demand for retail and hotel assets remained at robust levels;
- Interest in office assets strengthened, driven primarily by a growing share of domestic capital;
- The strong performance of the Purpose-Built Student Accommodation segment attracted significant investor interest.

SOURCE: JLL Research

INVESTMENT MARKET

Retail

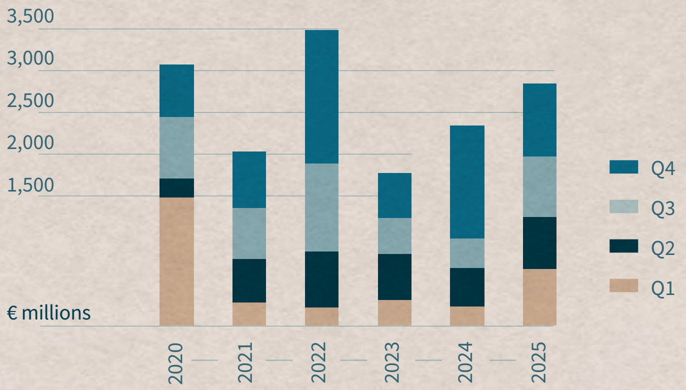
The retail sector continued to be the top performer in 2025, capturing 30% of the market share with transactions totaling €840 million – the second-highest volume between 2021-2025, surpassed only by the figure from 2024.

Shopping centres led retail investment with €567 million , capturing 68% of the volume. High street units followed at 15%, with other assets like stand alones and supermarkets making up the rest. The sector's top transaction was Sierra Prime's purchase of a 50% stake in NorteShopping for over €300 million.

Office

Office investment surged in 2025, with €735 million transacted across 25 deals — a 158% year-over-year increase that exceeds the combined volumes of 2023 and 2024. The top transaction was a Portuguese Family Office's acquisition of the Lumnia Building in Parque das Nações for over €100 million.

HISTORIC INVESTMENT EVOLUTION



Hotels

The hotel sector attracted nearly €480 million in investment, with transactions concentrated on 4 and 5-star establishments. The sector's largest transaction was the acquisition of the Hotel Cascais Miragem, a 195-key, 5-star hotel in Cascais, which was purchased by a Spanish REIT for nearly €125 million.

Living

The living sector attracted €390 million, marking its highest investment volume in the last five years. This activity was driven entirely by the PBSA sector, and especially by the Portuguese assets of the Livensa Living portfolio transaction.

Prime Yields 2025

High Street Retail	4.25%	↘
Shopping Centres	6.15%	=
Grocery Retail	5.65%	=
Retail Parks	6.50%	↘
Industrial & Logistics	5.75%	=
Office	5.00%	↘
Hotels	5.50%	=
Multifamily	5.00%	=
Student Housing	5.25%	↘
Care Homes	6.25%	=

SOURCE: JLL Research

INVESTMENT MARKET

● ● ● Industrial & Logistics

The industrial and logistics sector recorded €265 million in investment, concentrated in warehouses and logistics platforms. This volume exceeds that of the previous two years combined, a surge driven by strong investor demand for this sector.

International capital accounted for nearly 70% of the total investment in 2025, while the domestic share grew to approximately 30%. This demonstrates continued interest from international investors, complemented by a strengthening local investor base, composed by open ended funds and by national private capital.

Core and core-plus assets attracted 65% of total investment, indicating a preference for secure, long-term income streams. Concurrently, value-add strategies represented nearly a quarter of the volume, driven by the opportunity to acquire and reposition well-located but obsolete assets to meet modern tenant demands.

Following a period of general stability, prime yields showed gradual compression in 2025 across some sectors.

Outlook

Looking forward, Portugal is well-positioned to remain a highly attractive investment destination, benefiting from a more stable operating environment characterized by positive economic growth and moderating interest rates.

According to *JLL's Global Real Estate Outlook for 2026*, as new construction declines across Europe, a key trend will be an intensifying shortage of top-quality space. This scarcity makes existing, well-located assets with long-term leases particularly valuable to investors, offering reliable income streams.

In today's "experience-led" economy, properties must offer high-quality user environments to avoid obsolescence, while energy efficiency has become critical for competitiveness. Consequently, investors are prioritizing strategic asset optimization and energy-focused retrofits to manage expenses and boost returns.

Portugal's lasting appeal is set to strengthen in 2026, amplified by a broader investor focus on Southern Europe that creates positive spillover effects for the market. Retail, hospitality, and PBSA are expected to remain key target sectors. Institutional players, alongside family offices, will be particularly active in pursuing the existing opportunities. While investors remain mindful of global geopolitical risks, the targeted approach, combined with diverse capital sources, underscores strong confidence in the Portuguese market's potential to deliver sustainable returns.

03 DEVELOPMENT MARKET

Portugal's development market demonstrated remarkable dynamism in 2025, buoyed by strong investor confidence and sustained demand, particularly in urban residential sectors. This momentum is reflected in several large-scale acquisitions set to reshape Lisbon and Porto's housing landscape.

2025 HIGHLIGHT DEALS

€200M

OLIVAIS
PARQUE DAS NAÇÕES
LISBON

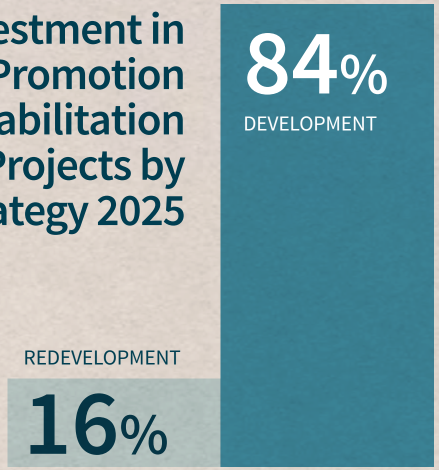
42K sq m

€140M

AMIAL
PORTO

33K sq m

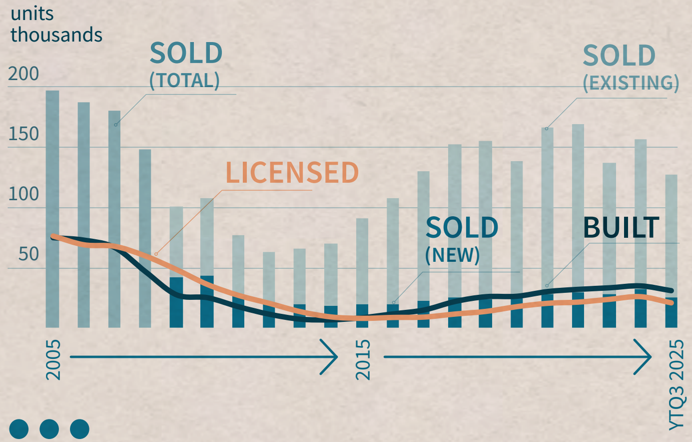
Investment in Urban Promotion & Reahabilitation Projects by Strategy 2025

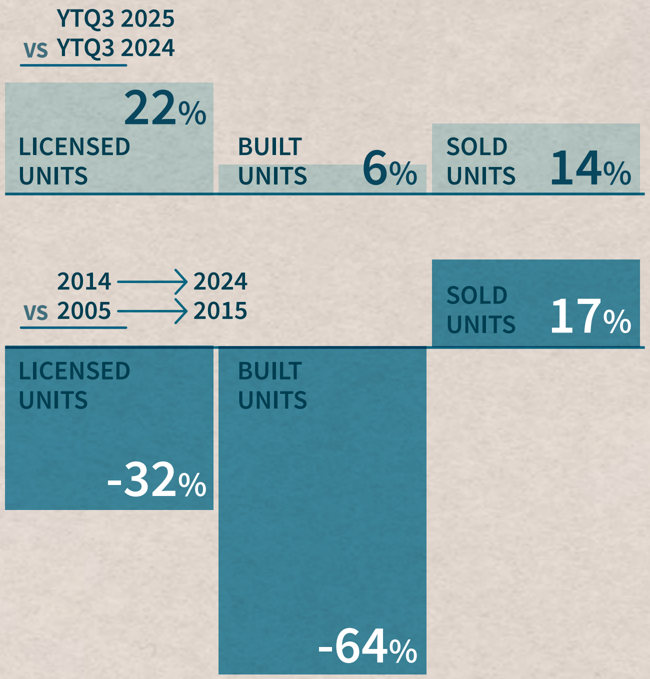


Two landmark deals highlight this trend. A major residential project is planned for the Amial area of Porto, with construction expected to start in the last quarter of 2026. This development is set to include over 460 homes of various types, covering an area of approximately 33,000 square meters and representing an investment of over 140 million euros. Furthermore, the property developer VIZTA made a significant €200 million investment in a 42,000-square-meter plot in the eastern part of the city, between Olivais and Parque das Nações. This major development will create 460 new apartments, making it one of the capital's largest residential projects of the decade and signaling strong investment in expanding residential areas of Lisbon.

DEVELOPMENT MARKET

HOUSING UNITS LICENSED VS BUILT VS SOLD





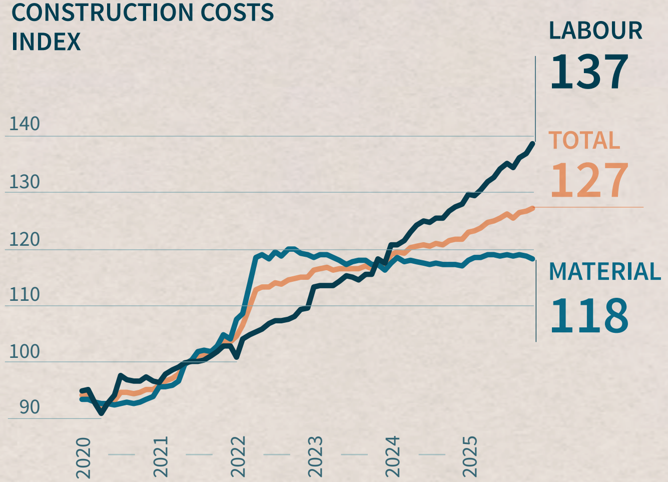
New Supply

Through the third quarter of 2025, built housing unit growth has maintained steady momentum. By Q3 2025, approximately 20,100 units were completed, a 6% increase year-over-year from 18,900 units in the previous year. This reflects continued, if moderate, growth in new housing supply.

Despite recent gains, completion volumes remain well below the 2005–2014 property cycle average of 42,200 units annually. The pace of new project licensing is still subdued compared to the previous decade, underscoring persistent challenges in matching market demand—though licensing did see a notable 22% YoY increase over YTQ3 2024.

Since 2015, both licensing and completion rates for new housing have trended upward, although at a modest pace. As sales activity has remained strong in recent years, limited new supply suggests further constraints in the market going forward.

NEW HOUSING CONSTRUCTION COSTS INDEX



New housing construction cost index

Following a period of more moderate growth in 2023, construction costs resumed a stronger upward trend in 2024 and have continued to rise into 2025. The most recent data shows costs climbing at a faster pace in 2025, although the increases remain less dramatic than the surges seen in 2021 and 2022. Material prices have largely stabilized since their peak in 2022, while overall cost growth is now being driven primarily by significant increases in labour expenses. This continued upward pressure reflects ongoing workforce challenges and rising wage demands.

SOURCES: JLL Research, INE, Ci-SIR

DEVELOPMENT MARKET

Outlook

Portugal's development landscape is defined by robust and multifaceted growth, with strong investor appetite across several key property sectors. This broad-based activity is driving the market's ongoing transformation and enhancing its reputation for resilience and opportunity.

Significant momentum is evident in the residential market, where build-to-sell projects are advancing with the support of strong buyer demand. This activity is further encouraged by government policies aimed at expanding housing supply, most notably through the reduction of VAT to 6% for residential construction. In parallel, specialized sectors like senior living and student housing are solidifying their position as established pillars of the market, with investment continuing to flow into these asset classes.
A unique opportunity has been also emerging from the government's consolidation of several ministries into a unique location in Lisbon. This move is set to vacate numerous prime properties, creating significant potential for redevelopment and adaptive reuse projects in central urban locations.

Looking further ahead, the long-term outlook is bolstered by major planned infrastructure projects, including the development of a new international airport and an additional bridge crossing the Tagus River in Lisbon. These large-scale investments, combined with the diverse activity across the real estate spectrum, signal a dynamic and confident future for Portugal's development market.

04 OFFICE MARKET

LISBON
OFFICE TAKE-UP
204,000
sq m
-8%
YoY

PORTO
OFFICE TAKE-UP
44,000
sq m
-43%
YoY

A moderation in take-up activity following a strong performance in 2024

In Lisbon, 204,200 sq m of office space was occupied in 2025, a slight decrease of 8% YoY. Financial Services and Company Services accounted for the largest share of demand (23% each), with Central Business District (z2) emerging as the most prominent area.

In Porto, take-up decreased 43% YoY, as corporates occupied 43,700 sq m of office space. Construction & Real Estate was the most active sector, and ZEP (z3) was the most occupied area.

According to *JLL Workforce Preference Barometer 2025*, employees show more mature attitudes to structured hybrid office attendance (65% positive sentiment in Portugal). However, it does not always translate into compliance. Employees expect employers to acknowledge their personal circumstances and to meet their high expectations for office environments.

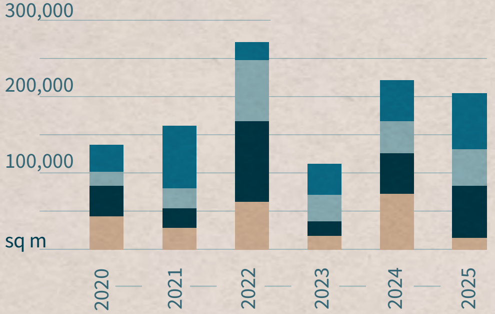
Prime office rents trend upwards in CBDs as quality stock is limited

Robust demand coupled with limited supply has driven prime office rents upward. In Lisbon, prime rents reached €30 per sq m in Q4 2025, while in Porto, they are at €21 per sq m. The new options coming to the market are already targeting rents at higher ranges.

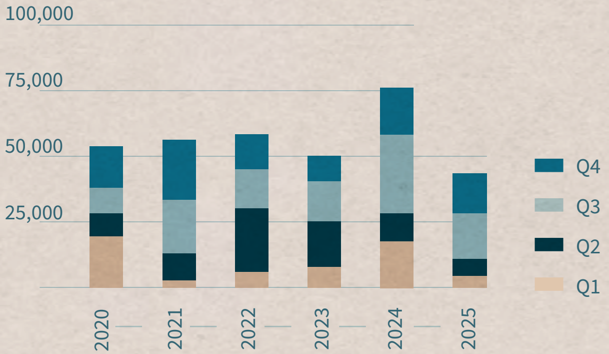
SOURCES: JLL Research, Ci-LPI, Ci-PPI

OFFICE MARKET

LISBON TAKE-UP EVOLUTION



PORTO TAKE-UP EVOLUTION



SOURCES: JLL Research, Ci-LPI, Ci-PPI

LARGEST OFFICE OCCUPATION

PORTUGUESE GOVERNMENT

LISBON
34,200 sq m

MOTAENGIL

PORTO
8,700 sq m

Large transactions drive market activity

Lisbon recorded 169 deals with an average size of 1,210 sq m, while Porto completed 63 deals averaging 694 sq m. Lisbon's activity remained consistent with previous year, whereas Porto experienced a more pronounced decline.

In both markets, the three largest transactions represented approximately 35% of total annual take-up, highlighting significant market concentration.

Active office development market

Lisbon has approx. 290,000 sq m of office space under construction, scheduled for completion between 2026 and 2028. Over half of this development is in the CBD area.

Within the same completion period, Porto's construction pipeline totals 80,000 sq m of new office space. More than 60% of this supply is concentrated in the CBD area.

Several buildings in the future pipeline have already secured pre-leasing commitments, demonstrating robust demand for quality office space in both markets.

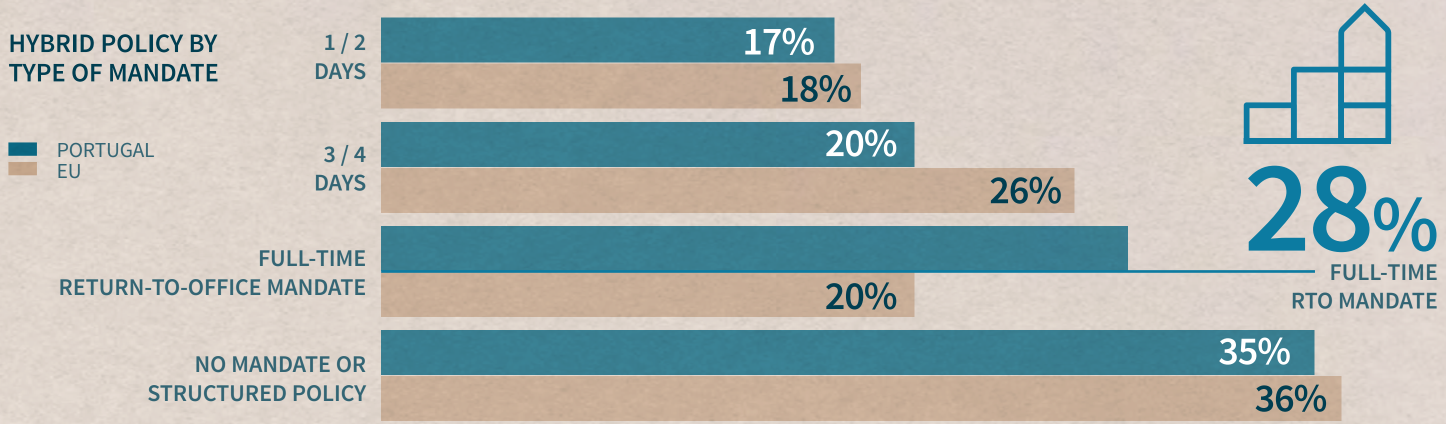
2025 COMPLETIONS

PORTO
43,500 sq m

97,800 sq m
LISBON

OFFICE MARKET

KEY TRENDS



SOURCE: *JLL Workforce Preference Barometer 2025*

1

Strengthening Demand and Limited Supply

Looking ahead, the fundamentals for the office sector are expected to improve in several major markets. For Portugal, an increase in office leasing demand and take-up is expected, driven by a flight to quality. While several new projects are expected to come to market, the overall supply of new, top-quality space will remain constrained. This imbalance means that occupiers seeking large, contiguous blocks, particularly in CBD zones, will face limited options and upward pressure on rental rates.

2

Return-to-office Mandates are Solidifying the Future of Hybrid work

Findings from the *JLL Workforce Preference Barometer 2025* indicate that most employees are satisfied with their company's office attendance policy. For employees in Portugal, the primary driver for this sentiment is the belief that they work more effectively together in the office. Consequently, a majority report positive feelings about policies that require a fixed number of days on-site.

However, beyond specific mandates, broader factors significantly influence employee acceptance of structured hybrid models. These include the quality of the workplace, effective work-life balance, and flexibility in both where and when work is done.

3

Optimizing for Experience, Not just occupancy

Experience is the key value driver, rendering properties that fail to offer high-quality user environments obsolete. In the office sector, companies are focusing on creating workplaces that are worth the commute, centered on wellness, amenities, and vibrant locations. This approach yields results, with offices in premium "lifestyle districts" attracting significant rental premiums as leading organizations now optimize for experience, not just occupancy.

05 RETAIL MARKET

RETAIL SALES VOLUME
+4.8% YoY

PHYSICAL RETAIL
+4.7% YoY

E-COMMERCE
+6.1% YoY

Resilient Portugal in a European context

Against a backdrop of moderate European growth, Portugal's retail sector demonstrated robust commercial activity and a strong capacity to capture demand throughout 2025. This positive performance was underpinned by favorable economic conditions, including declining inflation, and steady employment.

These factors helped drive a 3.5% increase in household spending and a 4.8% growth in overall retail sales volume. The sector also benefited from a rise in international tourist arrivals, which provided additional traction. While physical retail grew by 4.7%, the trend toward e-commerce continued, with online sales expanding at a rate of 6.1%.

High Street and Food Sectors Lead Retail Expansion

The High Street format continued to lead new retail openings, driven primarily by the Food & Beverage sector. This was exemplified by new restaurant launches both in Lisbon and Porto.

The grocery sector also saw great dynamic. This was highlighted by the Spanish retailer Mercadona opening its first store in Lisbon city and the domestic leader Continente announcing a major expansion plan. This activity underscores strong operator confidence in Portugal's retail market.

SOURCES: INE, Oxford Economics

RETAIL MARKET

KEY TRENDS

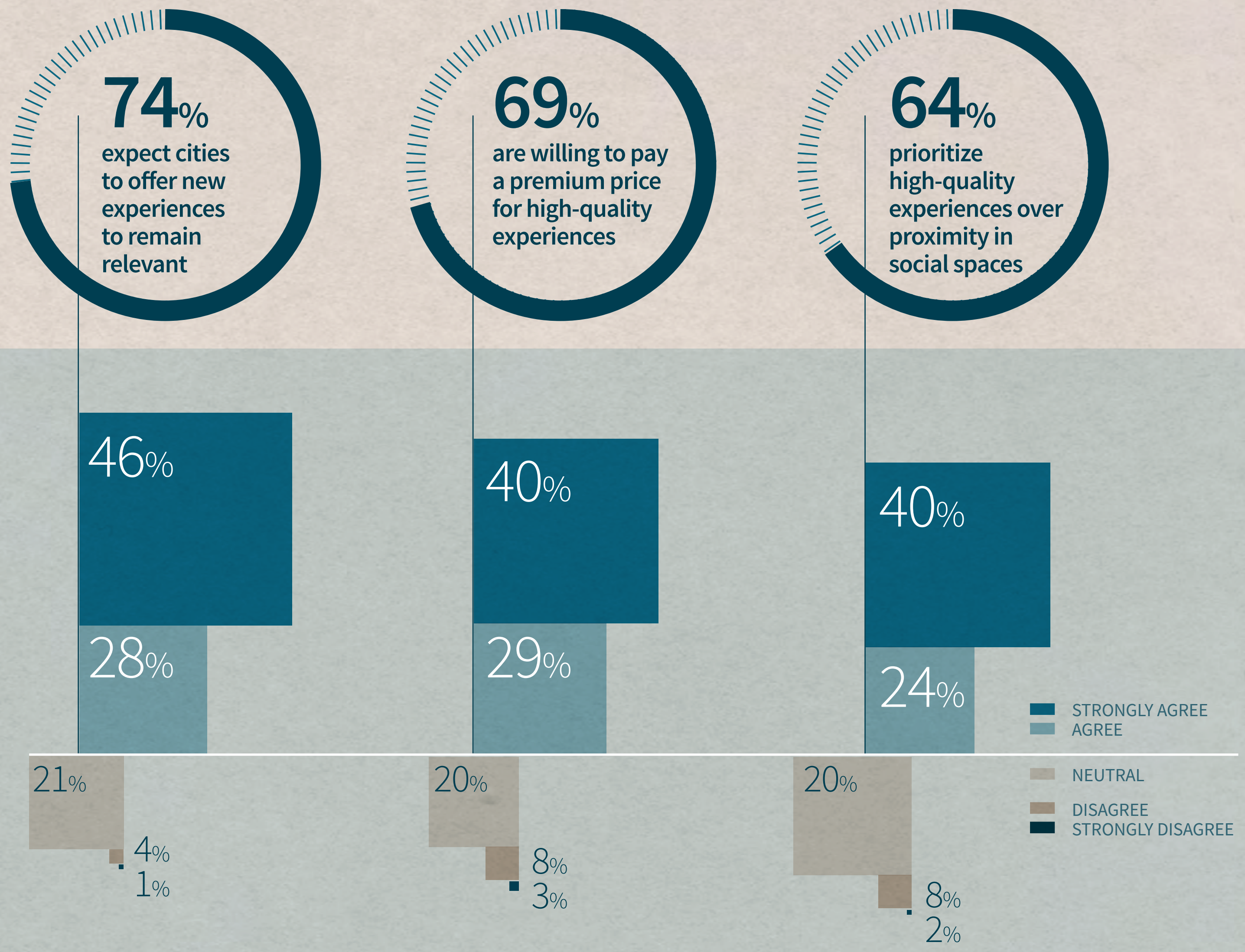
1

Experience as a Key Value Driver in Retail

Experience has become a key engine for value creation in retail.

Consumers are prioritizing spaces that offer high-quality, personalized experiences aligned with their values, often placing them above factors like price or proximity.

In this context, assets that successfully integrate experience, design, and a differentiated offering reinforce their appeal, improve their resilience, and build sustainable competitive advantages.



SOURCE: *JLL Experience Matters 2025*

RETAIL MARKET

KEY TRENDS

2

Omnichannel as a Competitive Standard

The physical store acts as an engine for conversion and service, while digital channels amplify convenience and reach. Mature omnichannel models register an 89% customer retention rate (compared to 33% for less mature strategies) and a 9.5% increase in revenue, with omnichannel customers spending up to 50% more.

In parallel, there is a growing preference for larger store formats that can integrate both experiential elements and the operational services required for a seamless omnichannel experience.

SOURCE: *JLL's European Retail Market Outlook*

Omnichannels customer retention rate

89%

+9.5%

increased revenue

+50%

customers spending

3

Conscious Living: Wellness Meets Sustainability

European consumers are increasingly embracing comprehensive health approaches beyond basic fitness, including mental wellness, nutrition, and sleep. Wellness is forecast to grow at 12% CAGR until 2030 in Europe.

This wellness mindset extends seamlessly into consumption choices, where consumers increasingly recognize the interconnection between individual and planetary health.

An overwhelming 71% of European consumers express a desire to buy sustainable products. Two-thirds of shoppers planning a major purchase are willing to pay a reasonable premium for a sustainable option.

06 INDUSTRIAL & LOGISTICS MARKET

I&L sector with steady occupation levels

Following a record year in 2024, the industrial and logistics sector registered a take-up volume of 485,000 sq m in 2025. While this represents a 39% YoY reduction, it remains a robust figure that contributes to a five-year average of 574,000 sq m.

The Greater Lisbon region accounted for 55% of this absorption, while Greater Porto represented 29%, with the remaining 16% distributed across other locations. New developments contributed 40% of the take-up, a lower share than in prior years. This is attributed to the swift absorption of new properties as they become available, limiting their time on the market.

Sustained demand has pushed prime rents higher, with Lisbon reaching €6.50–€7.00/sq m and Porto reaching €5.50–€6.00/sq m.

I&L TAKE-UP VOLUME

485,000 sq m

-39% YoY

PRIME RENTS

LISBON: €6.50/€7.00

PORTO: €5.50/€6.00

SOURCES: JLL Research, Ci-IPI

INDUSTRIAL & LOGISTICS MARKET

New supply adds to the stock of premium facilities

Notable projects concluded in 2025 included the Panattoni Park Santarém, VGP Park Montijo, and the second phase of the Lisbon North Logistics Platform, which together accounted for nearly 100,000 sq m of new area.

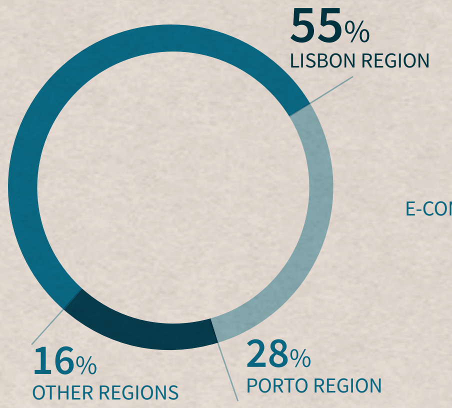
Many of these newly developed projects are BREEAM certified, enhancing the quality of the available stock with modern, sustainable facilities.

PIPELINE UNDER CONSTRUCTION

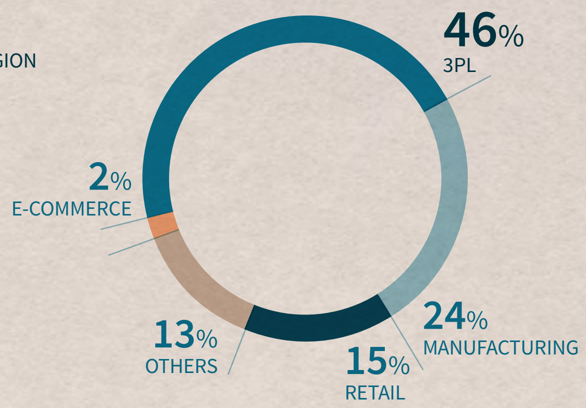
450,000 sq m

SOURCES: JLL Research, Ci-IPI

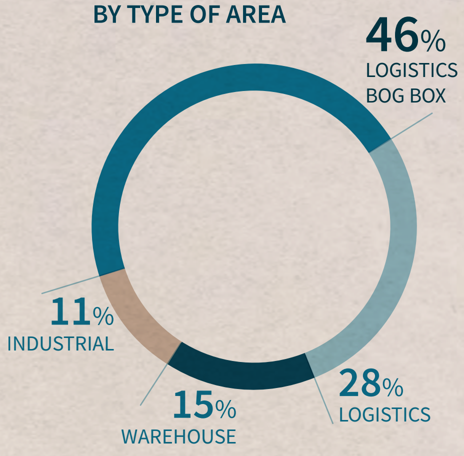
TAKE-UP BY REGION



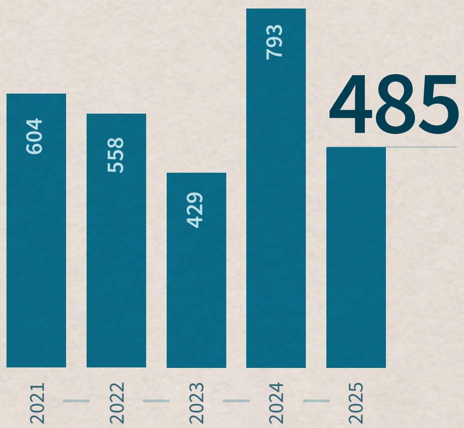
TAKE-UP BY OCCUPIER



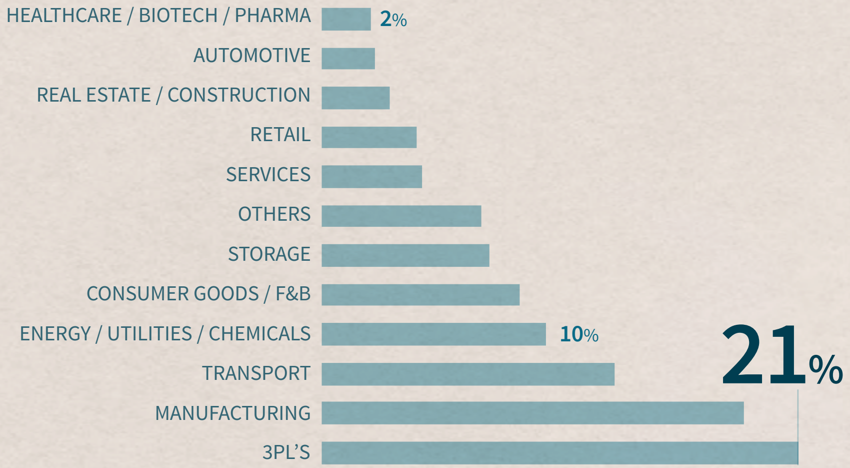
TAKE-UP BY TYPE OF AREA



TAKE-UP EVOLUTION
(sq m, thousands)



DEMAND BY SECTOR



I&L MARKET

DATA CENTRES

The Rise of Sovereign AI and the Opportunity for Portugal

According to *JLL's 2026 Global Data Center Outlook*, a significant global trend is the development of sovereign AI capabilities, where nations create domestic infrastructure to ensure data privacy and build independent AI ecosystems. This movement is driven by regulations such as the EU's AI Act, which creates compliance requirements that encourage local data processing. For Portugal, this presents a strategic opportunity. By fostering a national AI strategy and investing in secure, local data centre capacity, Portugal can position itself as a trusted digital hub within the European Union. This approach not only addresses data sovereignty needs but also attracts specialized investment, as data sovereignty requirements limit competition to local providers, enabling pricing premiums over standard market rates.

Navigating Power Constraints with Renewable Energy Solutions

Power availability has surpassed location and cost as the primary criterion for data centre site selection due to multiyear wait times for public grid connections in major markets. In response, operators are increasingly choosing to generate their own power on-site, use battery energy storage systems (BESS), and invest in renewable energy to secure power and meet sustainability goals. Portugal is uniquely positioned to leverage this trend. The country's strong solar and wind resources offer a significant competitive advantage in attracting data center investment. By promoting its capacity for stable, renewable power generation, Portugal can appeal to hyperscale and colocation operators who are looking to mitigate the grid constraints and high energy costs seen in other markets while adhering to increasingly strict renewable energy mandates.

I&L MARKET

KEY TRENDS

1

Geographic Expansion & New Hubs

There is growing demand for alternative locations as companies seek to diversify their operations and benefit from more competitive costs. Consolidation of less traditional zones such as Montijo, Santo Tirso, Valongo and Aveiro, and expansion into new strategic areas including Benavente, Malveira, Santarém and Loures.

This expansion beyond traditional logistics hubs is driven by land scarcity and rental rates in Greater Lisbon and Porto that have reached levels challenging operational profitability for many businesses. Companies are simultaneously adopting risk management strategies that favor geographic diversification to mitigate supply chain vulnerabilities exposed during recent global disruptions.

2

Robotics and AI Redefine Logistics Excellence

The convergence of smart technologies and robotics is revolutionizing industrial and logistics sectors, creating a paradigm shift toward enhanced efficiency, precision, and operational agility. This technological wave is fundamentally reconstructing supply chain architecture and distribution methodologies rather than simply upgrading current systems.

Cutting-edge robotics powered by artificial intelligence are automating warehouse ecosystems, while interconnected IoT devices enable comprehensive supply chain monitoring in real-time. These innovations are also catalyzing environmental stewardship through intelligent energy management, emission-reducing route algorithms, and sophisticated waste minimization strategies throughout logistics operations.

I&L MARKET

KEY TRENDS

3

Nearshoring Drives Supply Chain Transformation and Regional Growth

Nearshoring momentum is accelerating as companies prioritize supply chain risk mitigation, operational efficiency, and cost optimization.

The pandemic and geopolitical disruptions exposed vulnerabilities in extended supply chains. Nearshoring creates resilience by diversifying supply sources and reducing dependence on distant markets, while delivering improved cost structures and operational agility through lower logistics expenses and faster market responsiveness.

Portugal exemplifies this trend, with strong industrial and logistics demand driven by e-commerce growth and supply chain resilience needs. The Greater Lisbon and Greater Porto regions serve as key hubs, particularly around the strategic port corridors of Lisbon, Leixões, and Sines.

This nearshoring shift is restructuring global supply networks into more robust and adaptive frameworks, influencing international trade patterns and driving economic development in strategic nearshoring destinations.

4

Energy Innovation Fuels Sustainable Progress

The data centre sector confronts intensifying demands to tackle its substantial energy usage and environmental footprint. This pressure is driving innovation, prompting the industry to develop and deploy advanced technologies for enhanced energy efficiency and environmental responsibility. The ***JLL's 2026 Global Data Center Outlook*** states the sector is experiencing an infrastructure investment supercycle requiring up to $3 trillion by 2030.

Power supply and energy consumption continue as primary concerns for data center operators, investors, and industry stakeholders. Yet these challenges are progressively recognized as catalysts for sustainable expansion and technological progress.

07 HOTELS MARKET

2025
GUESTS
32.5M
+3%
YoY

2025
OVERNIGHTS
82.1M
+2%
YoY

Record performance with regional diversification

Tourism accommodations data revealed that Portugal's hospitality sector continued its record-breaking trajectory in 2025, reaching new historic highs across all key metrics. The country recorded 82.1 million overnight stays (+2% YoY) and welcomed 32.5 million guests (+3%). As anticipated, growth rates have begun to moderate from the exceptional surges of previous years, signalling a maturing market that is consolidating its gains at a high level of performance.

This sustained interest helped lift the hotel's room occupancy rate to 59.6%, an increase of 1.8 percentage points over the previous year. Domestic demand was the main engine for the overall growth, rising by 5%, while international guests still represented a dominant 69% share of overnights (+1% YoY). Among key foreign markets, tourists from the US continued to stand out with a significant 5% increase in activity.

Geographically, this increase was most dynamic in less traditional tourism regions, including the North (+5%), the Setúbal Peninsula (+5%), and the Alentejo (+6%). This diversification, along with the Algarve recording its lowest seasonality in a decade, points to a more resilient and balanced national tourism model.

SOURCES: JLL Research, INE, STR/CoStar

HOTELS MARKET

2025 HOTELS KPIs

	PORTUGAL	LISBON	PORTO
Occupancy Rate*	▲ 67.6%	▲ 73.5%	▲ 69.3%
ADR	▲ €166	▼ €176	▲ €136
RevPar	▲ €112	▲ €129	▲ €94

* Per Room

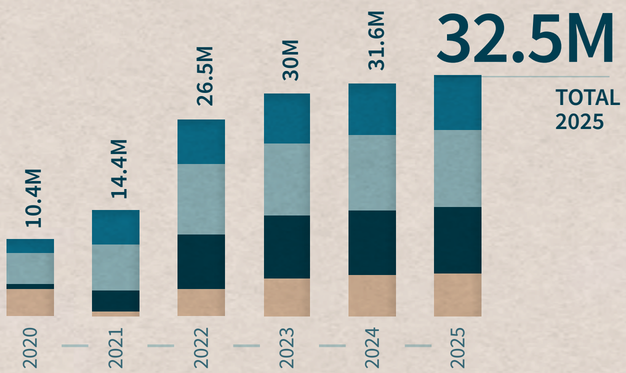
Enhanced profitability through revenue optimisation

These figures positively impacted the performance of the hotel segment. Financial indicators significantly outpaced volume growth, demonstrating a shift towards enhanced profitability. Total revenues climbed to €6.8 billion (+7%), while a robust Average Daily Rate (ADR) of €166.2 (+3%) propelled Revenue Per Available Room (RevPAR) to €112.1 (+3%), underscoring the sector's enhanced pricing power.

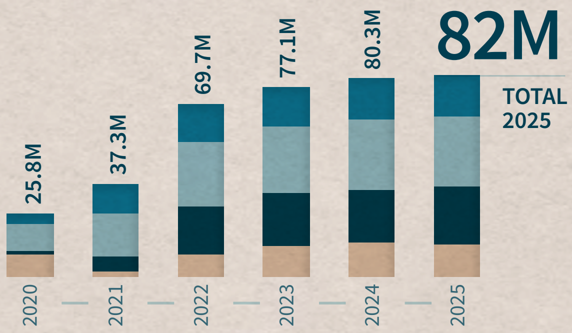
The influx of foreign tourists significantly boosted Portugal's economy, with international visitor expenditure reaching €27.5 billion* (+5%).

* January to November

GUESTS IN TOURIST ESTABLISHMENTS



OVERNIGHT STAYS IN TOURIST ESTABLISHMENTS



2025 HOTELS NEW OPENINGS

83 UNITS

4,080 KEYS

2025 HOTELS UNDER CONSTRUCTION

70 UNITS

7,520 KEYS

Strategic focus on premium experiences and upscale supply

The rise in tourist spending reveals a significant shift in Portugal's tourism landscape towards more premium travel experiences. Among hotels, five-star units recorded a notable 5% increase in overnight stays, characterised by increased demand for high-quality accommodations. The market has adeptly responded to this shift: although the 83 new hotels opened in 2025 (adding 4,075 beds) represented the lowest volume of new supply in five years, five-star properties accounted for a third of all new beds – their highest share in recent history.

This trend continues in the pipeline, with 60% of beds under construction classified as upscale or luxury. Half of total future supply is located in the Lisbon Metropolitan Area. The strategic pivot towards luxury tourism not only promises continued economic benefits but also positions Portugal favourably in the competitive global travel market.

SOURCES: JLL Research, INE, STR/CoStar, Turismo de Portugal

HOTELS MARKET

KEY TRENDS

1

Luxury segment drives value expansion across key markets

Portugal's hospitality market is set for continued value growth, driven by the expansion of its luxury segment in key urban centres. Lisbon leads this new wave of development, with nearly half of the country's future upscale-to-luxury beds (over 2,000) concentrated in its metropolitan area. High-profile openings such as Six Senses Lisbon will further solidify the capital's premium positioning.

Meanwhile, Porto is strengthening its established luxury offering with new high-end properties that are contributing to market-wide ADR growth. This dual-market expansion demonstrates the sector's maturation and is expected to support sustained improvements in average daily rates

2

Enhanced competition drives experience differentiation

As new supply enters key markets, competition is intensifying, compelling operators to differentiate themselves through unique guest experiences aligned with their brand values. This strategic shift moves beyond traditional amenities, focusing instead on creating memorable stays that foster guest loyalty.

This trend reflects the global emphasis on 'experience' as a key value driver, with international operators leveraging Portugal's growing global exposure to introduce new concepts. The announced market entry of lifestyle-focused brands like The Standard, and the expansion of curated hotel portfolios such as Autograph Collection and Curio Collection by Hilton, illustrate this evolution towards unique, destination-focused hospitality.

3

Regional and product diversification gathers momentum

Beyond the main urban centres, the Douro region is gaining significant traction as investors recognise its untapped potential, a trend expected to benefit the broader Northern Portugal hospitality ecosystem.

Simultaneously, the market is seeing greater product diversification with the emergence of urban branded residences, a trend set to grow, particularly in Lisbon. These dynamics are attracting new market entrants focused on the upper-upscale segment, signalling strong confidence in Portugal's ability to support a wide range of premium hospitality products.

08 RESIDENTIAL MARKET

CONSUMER SEGMENT

UNITS SOLD
Q1 - Q3 2025
127K
+28%
YoY

TRANSACT VOLUME
Q1 - Q3 2025
€30.4Bn
+14%
YoY

SOURCE: INE

Government incentives fuel market momentum

Portugal's housing supply showed positive momentum in 2025. Through Q3, construction licenses increased by 6% to 16,970, while completed new homes surged by 22% to 34,910, stimulated by the Simplex Urbanístico programme.

This growing supply was met with soaring demand, as the mortgage market grew by over 36% to €19.1 billion for the full year. This growth was fuelled by a more favourable interest rate environment, with average rates dropping by 110 basis points to 3.18%, and the launch of new youth support programmes.

Of these programmes, the government guarantee enabling 100% financing for young first-time buyers proved to be a critical driver. For the full year, it facilitated over €5 billion in new loans, representing nearly 27% of the total value of all new mortgages nationwide.

Affordable housing shortage sustains market imbalances

The residential sector continues to face insufficient affordable housing supply, particularly for middle-income households. Demand-supply imbalances persist in driving price increases despite structural challenges including high construction costs and complex administrative processes. However, ECB rate cuts in early 2025 created more favourable conditions for buyers, as reduced borrowing costs strengthened purchasing capacity and expanded homeownership opportunities across income segments.

RESIDENTIAL MARKET

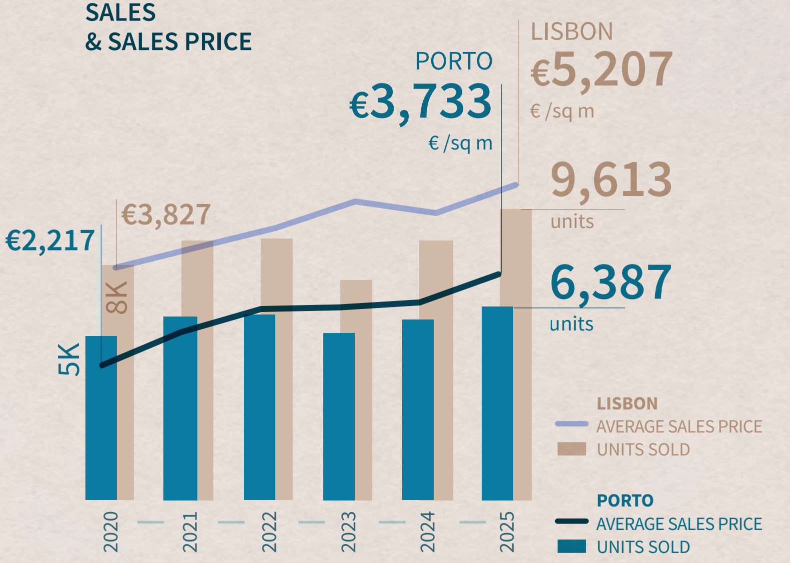
Portugal's residential market demonstrated consistent expansion in 2025. Property transactions increased 14% year-on-year, reaching 127 thousand units through Q3, with total transacted volume estimated to reach €40.8 billion by year-end. Lisbon's residential market reached €5,200/sq m (+10% YoY), showing steady demand, while Porto recorded stronger price growth, reaching €3,700/sq m (+14% YoY).

This market expansion was mirrored in the housing finance sector, with the total outstanding mortgage stock growing by nearly 9% to €110 billion. The nature of this activity also shifted, with credit renegotiations falling from 29% of all activity in 2024 to just 19% in 2025.

However, the positive activity in the sales market placed further pressure on the rental sector. Affordability challenges intensified, with average contracted rents reaching €19/sq m per month in Lisbon and €15/sq m in Porto. The combination of rising property prices and strong rental demand, partly from households unable to transition to ownership, continues to place significant strain on middle-income households, highlighting a key market imbalance.

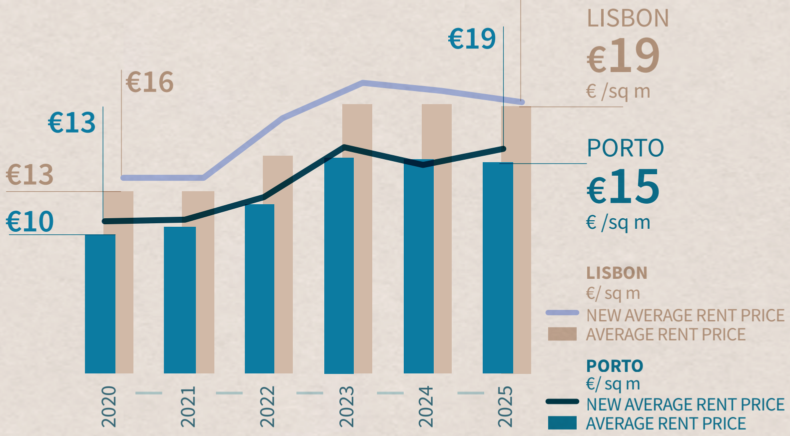
SOURCES: JLL Research, INE, SIR

SALES & SALES PRICE

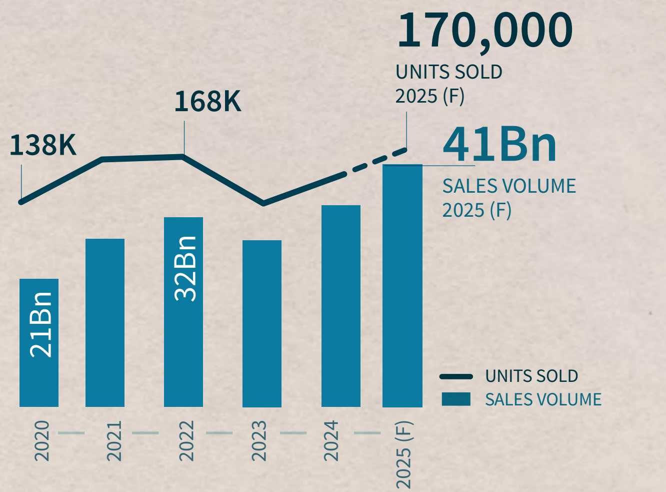


CONTRACTED RENT

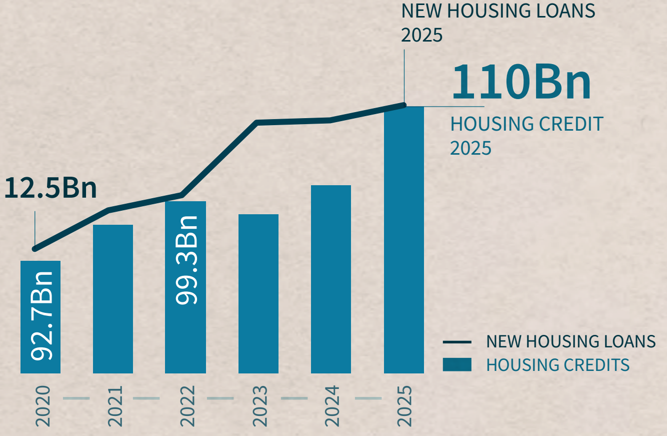
€ /sq m



SALES VOLUME & NUMBER OF DWELLINGS



HOUSING CREDIT STOCK & NEW MORTGAGES



RESIDENTIAL MARKET

KEY TRENDS

1

Rate Cuts Boost Portuguese Housing Market Accessibility

ECB rate cuts in early 2025 have created favorable conditions for potential property buyers. These reduced borrowing costs have strengthened buyer capacity in the housing market, expanding homeownership opportunities across different income segments. This development has invigorated Portugal's residential market activity, building on the strong underlying demand and Portugal's continued attractiveness to international buyers seeking relocation opportunities.

2

Youth Financing Boosts Demand Amid Supply Shortages

Public guarantees from the government, which facilitated complete financing access for young first-time homebuyers, were the primary catalyst behind increased market activity. These policies generated considerable demand growth in both Lisbon and Porto metropolitan areas. Nevertheless, the underlying structural disequilibrium between housing supply and demand endures, exacerbated by inadequate new residential development catering to moderate-income buyers. This continued scarcity of suitable housing options maintains consistent upward pricing pressures across the market.

3

Build-to-Rent Growth Constrained by Structural Barriers

Portugal's Build-to-Rent sector offers significant potential for expanding housing supply but faces considerable obstacles. Projects outside the Affordable Rental Program encounter heavy tax burdens, while rental regulations remain misaligned with market realities. Judicial system concerns, particularly around tenant over-protection and rent default enforcement, further complicate development.

While government affordable housing initiatives are positive steps, they cannot meet the full scale of demand at accessible price points for Portuguese families. Private sector engagement through viable development models is therefore essential for effectively addressing the housing shortage.

09

LIVING MARKET

BUSINESS SEGMENT

PROVISION RATE*	PORTUGAL 15%
	LISBON 16%
	PORTO 23%

SOURCE: INE

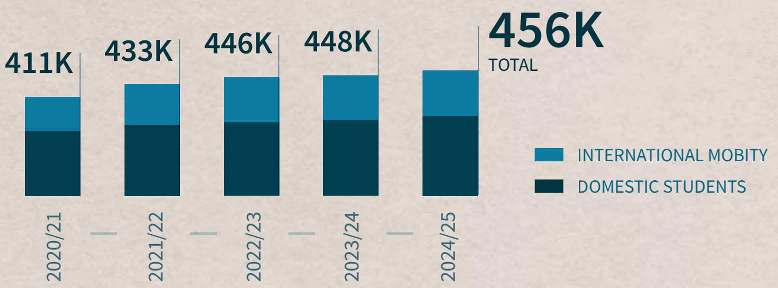
NOTES: *Total beds to students studying away from home

Robust fundamentals drive continued institutional interest in purpose-built-student-accommodation (PBSA)

Portugal's higher education sector maintained its growth trajectory in 2024-25, with 456,000 students enrolled (+2% YoY), of which 41% remain displaced from their home regions. Portugal's provision rate of 15% aligns with the European average, though regional disparities persist – Lisbon maintains 16% coverage while Porto achieves 23%, reflecting higher development in areas such as Asprela.

The structural supply-demand imbalance continues to present compelling investment opportunities, with high occupancy rates supporting ongoing rental growth. This shortage, combined with sustained domestic student growth and increasing international student mobility to Portugal, reinforces PBSA's position as one of the most sought-after asset classes, benefiting from defensive income characteristics and the country's expanding reputation as an educational destination.

NUMBER OF STUDENTS PER ACADEMIC YEAR



LIVING MARKET

Senior housing and healthcare benefit from demographic tailwinds

Portugal's accelerating demographic transition continued to drive structural demand for senior living and healthcare solutions in 2025. With the old-age dependency ratio reaching 39.2 (vs EU27 average of 34.4), pressure on care infrastructure intensified further.

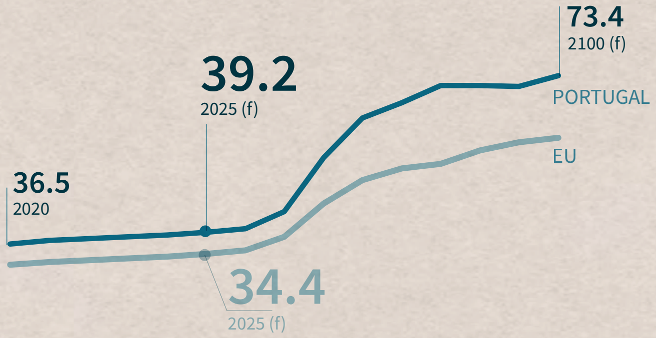
The senior housing market, which operates under dual regulatory frameworks (ERPI/RNCCI*), maintained its supply-demand imbalance, with ERPI care homes sustaining a 93% occupancy rate despite modest 2% annual supply growth. The provision rate** of 14% remains constrained, reinforcing investment opportunities. The top three private operators expanded portfolios by 39% over recent years, demonstrating sector consolidation and growth potential amid Portugal's structural demographic shift. The growing elderly population and public health system constraints continued to drive higher demand for private healthcare services, strengthening operational performance.

NOTES: *Residential Structures for the Elderly / National Network of Integrated Continued Care **Ratio between care homes' beds and population 80+ ***Population aged 65+ per 100 people aged 15–64

SOURCES: JLL Research, GEP-MTSS (Carta Social), INE, Eurostat

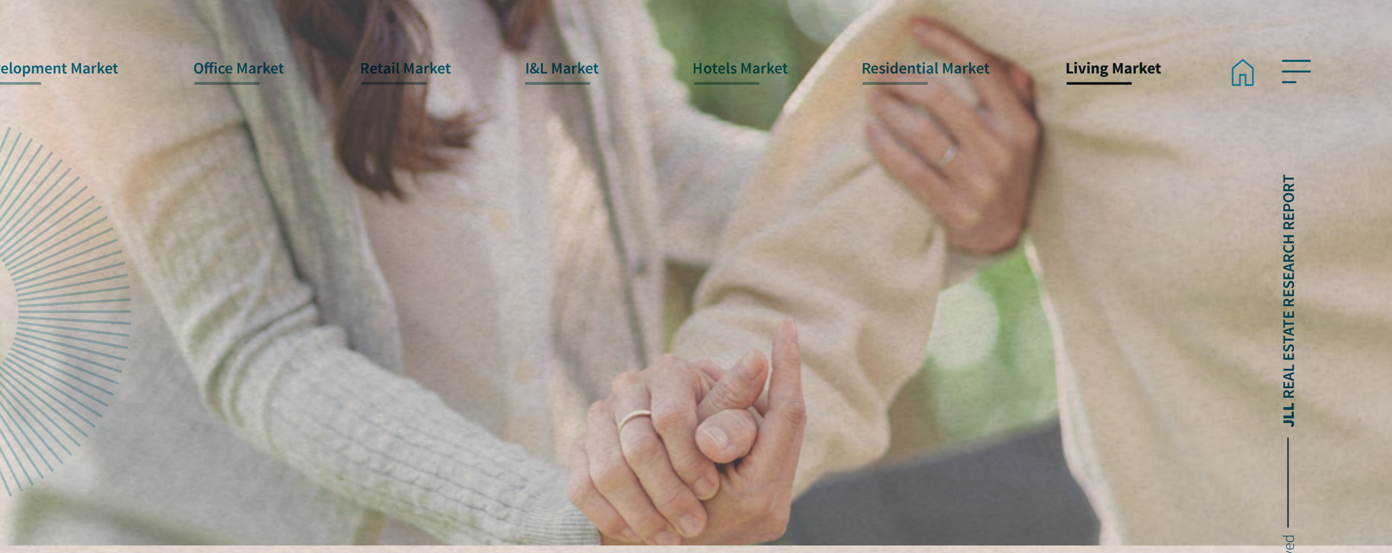
ERPI'S*	PROVISION RATE**	OCCUPANCY
	13.9%	93%

OLD-AGE DEPENDENCY RATIO***



Flex-Living Gains Traction as a BTR Alternative

While the Build-to-Rent (BTR) sector continues to be constrained by high costs and complex licensing, private capital is showing a growing appetite for Flex-Living models. These developments, which offer furnished apartments with services for medium-term stays, benefit from more flexible land use regulations and a more streamlined legal framework for leases. This provides operators with greater security and operational agility, positioning Flex-Living as an increasingly attractive and viable solution to meet housing demand in urban centres.



LIVING MARKET

KEY TRENDS

1

Portugal Emerges as Key PBSA Growth Market

The growth in Portugal's student population, which has been driven by a significant influx of international students over the last five years, continues to reshape the housing market. While recent growth has been more balanced across both domestic and international cohorts, the accumulated demand from a larger, more international student body creates sustained demand for purpose-built student accommodation.

The latest ***JLL European PBSA in 2030 Sizing up the opportunity*** report projects Portugal's PBSA stock growth to accelerate significantly as investors target one of Europe's most undersupplied markets. However, development constraints – including high construction costs, which have risen by 30% across Europe over the last five years, and complex planning frameworks – a mean completions will continue to lag student additions.

Portugal's appeal to international students is reinforced by structural policy shifts across Europe. Tightening visa regimes in the UK and US are redirecting demand toward Continental Europe, where post-study work visas and competitive tuition fees are attracting a more diversified international cohort. This positions Portugal favourably within a broader shift in global student mobility patterns expected to sustain demand growth through 2030.

2

Senior Living Supply Gap Drives Market Consolidation

Portugal's profound demographic shift underpins the structural need for senior housing, a sector defined by a clear supply-demand imbalance with occupancy rates consistently above 90%. The long-term demographic trajectory, which projects the 80+ age cohort to nearly double by 2050, provides a powerful and irreversible tailwind for investment.

However, the near-term outlook will be shaped by how operators respond to growing operational pressures. Persistent margin pressures from rising staff and operational costs are becoming the central challenge for the sector. Consequently, market consolidation, driven by larger private operators seeking economies of scale, is expected to accelerate. Strategic partnerships focused on operational efficiency and the development of more sophisticated, service-led Senior Living models, as opposed to traditional care homes, are anticipated to be the defining investment themes in the period ahead, as the market moves towards greater maturity and product specialisation.

JLL SEE A BRIGHTER WAY

MARKET **360**

REPORT

2025 / 2026

REAL ESTATE MARKET IN PORTUGAL

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