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REAL ESTATE

House Hunting in Portugal

International Real Estate

By ALISON GREGOR JUNE 24, 2015

AN UPDATED FARMHOUSE WITH GUESTHOUSES AND A POOL IN THE ALGARVE

\$1.98 MILLION (1.75 MILLION EUROS)

This traditional five-bedroom Portuguese farmhouse in the Algarve region of southern Portugal is on 1.3 acres with two guesthouses, a swimming pool and tennis court. The buildings, which date to the 1920s, were renovated in 2003 and 2004 to retain their rustic architecture — thick stone walls, Santa Catarina clay roof tiles, small wooden-shuttered windows, terra-cotta floors and cane ceilings — while adding contemporary amenities, said Virgolino Gomes, an agent with Sotheby's International Realty Portugal, which has the listing.

The front door of the 2,163-square-foot farmhouse opens to a foyer with a powder room and a staircase to the right and a large living room to the left. The walls of the home are painted in soft, undulating pastels in a style similar to Moroccan tadelakt. The living room has a wood-burning fireplace with flanking doors that open to a large veranda. Furniture is not included in the asking price, but is negotiable, Mr. Gomes said.

Beyond the living room is a kitchen that opens to a covered terrace; the kitchen has cabinets painted fuchsia and natural stone countertops. Also off the

living room is the dining room, with doors to a patio and a covered terrace for alfresco dining. A small room off the dining room, now used as a sitting room, has an alcove with a wood-burning oven once used to bake bread. Beyond the sitting room is a bedroom and bathroom with tub.

The second floor of the home has four bedrooms. The master bedroom has an en-suite bathroom with a tub, as does another bedroom. The other two bedrooms share a bathroom and a balcony, Mr. Gomes said. Each guesthouse is about 1,300 square feet and has two bedrooms and a bathroom. One guesthouse has an open-plan kitchen and living room with a large patio facing the 52-by-20-foot swimming pool and the cement tennis court, Mr. Gomes said. The farmhouse has a one-car garage and a carport for six cars. The grounds are landscaped with olive, carob, pomegranate, fig and almond trees, he said.

This home is in Almancil, a town of about 11,000 people, which offers basic shopping and services. Ten minutes away by car are more than half a dozen beaches on the Atlantic Ocean, as well as several championship golf courses and high-end services and shopping for the upscale resort subdivisions of Quinta do Lago and Vale do Lobo, Mr. Gomes said. Faro, the capital of the Algarve region with about 50,000 residents, has an international airport and is about 20 minutes away. Also nearby is the Parque Natural da Ria Formosa, a coastal lagoon popular with bird-watchers.

MARKET OVERVIEW

The Algarve region, spread out along the southern coast of Portugal, once boomed as a second-home market for British home buyers, offering a range of properties from apartments and townhouses to renovated Portuguese farmhouses and ultracontemporary mansions in golf resorts. But home prices fell by about 20 percent, and in some cases as much as 40 percent, after the global real estate crisis of 2008, said Mike **Braunholtz**, a director of the Prestige Property Group.

The market still has not recovered but is showing signs of picking up, said Mr. **Braunholtz**, who recently bought his own vacation home in the Algarve. "I've been an overseas property agent for 20 years, and I've never invested in an overseas property, and I've chosen Portugal this year, because I think the time is right," he said. "I don't see the market going below where it is now, and it's definitely beginning to go up again, so it's a good time to buy."

The most expensive homes in the Algarve region fall within what is called the “Golden Triangle,” an area loosely defined as surrounding the two high-end golf resorts, Quinta do Lago and Vale do Lobo, and Vilamoura, a coastal resort area with a marina, said Greg Boegner, a real estate marketing consultant and founder of the lifestyle blog Portugal Confidential.

“Many residents in Vilamoura, Vale do Lobo and Quinta do Lago are British politicians, European soccer stars, some Portuguese and European entertainers, as well as wealthy families,” Mr. Boegner said.

Many of the large mansions in the golf resorts have a contemporary architectural style influenced by the Portuguese architect Vasco Vieira, Mr. **Braunholtz** said. Homes in the Golden Triangle, especially in Quinta do Lago, tend to run from roughly 1 million euros, or about \$1.13 million, for a new villa to as high as 20 million euros, or about \$22.6 million, for a “spectacular villa with a pool and panoramic sea view,” he said.

But there are less expensive homes, including apartments available for the equivalent of about \$170,000 to \$225,000; townhouses for around \$340,000 to \$400,000; and older villas for around \$735,000, he said. Being in the Golden Triangle can add a premium of 10 to 15 percent to a home’s value, and being in either Quinta do Lago or Vale do Lobo can add 40 percent, Mr. Gomes said. Outside the Golden Triangle, two-bedroom apartments are available for less than \$115,000; townhouses for around \$135,000 to \$180,000; and villas for around \$250,000 to \$270,000, Mr. **Braunholtz** said. “Generally speaking, the further west you go in the Algarve, the better value for your money you’ll find,” he said.

WHO BUYS IN THE ALGARVE

British home buyers have predominated traditionally in the Algarve. In recent years, however, partly in response to a government campaign to promote the region among foreign investors, residents of other European countries, including Ireland, Germany, Holland, Sweden and France, have been buying vacation homes in large numbers, agents said.

A government program offering a five-year residence permit, called a Golden Visa, to noncitizens of the European Union who buy a property for at least 500,000 euros has attracted Chinese and Middle Eastern buyers, agents said. There have also been growing numbers of Russian purchasers of the mansions in

Quinta do Lago and Vale do Lobo, Mr. **Braunholtz** said. Some Americans are buying homes, but their numbers are smaller because of a lack of direct flights to Faro from the United States, Mr. Boegner said. The region is about a two-and-a-half-hour drive from the international airport in Lisbon.

BUYING BASICS

There are no restrictions on foreign home buyers in Portugal. Home buyers should budget about 7.5 percent of the home's sales price for transaction costs, Mr. Gomes said. That would include the property transfer tax and all fees, including a lawyer's fee of 0.5 percent to 1 percent, he said.

Portuguese banks have been offering increasingly competitive mortgages, and many foreign home buyers are applying for those, Mr. Gomes said. Still, many second-home buyers from the European Union opt to take out mortgages in their own countries, Mr. **Braunholtz** said.

“European banks tend to be happy to loan on overseas property if they have a guarantee from the property you're in at home,” he said.

WEBSITES

Official Portugal tourism website: visitportugal.com

Official Algarve tourism website: visitalgarve.pt

The Portugal News: theportugalnews.com

LANGUAGES AND CURRENCY

Portuguese; euro (1 euro = \$1.13)

TAXES AND FEES

The annual property taxes on this home are about 1,500 euros, or about \$1,695, Mr. Gomes said.

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