

The Numbers Don't Lie: Portugal's Golden Visa Program is Not the Culprit Behind High Property Prices

LISBON, PORTUGAL, April 10, 2023 /EINPresswire.com/ -- The Golden Visa initiative has created quite a stir in the arena of foreign investments, eliciting attention from international investors looking for a route to establish residency in Europe. With its advantageous tax system, ideal geographic position, and reasonably-priced property market, Portugal has emerged as a prime investment location. Since its launch in 2012, the program has played a crucial role in luring foreign investment, reenergizing the property market, and galvanizing the economy in Portugal.

Despite its considerable positive impacts on the country, the Portuguese government has opted to terminate the program, citing its contribution to the worrisome escalation of real estate values. Nonetheless, to determine whether the Golden Visa initiative is, in fact, accountable for the surge in property prices, it is crucial to scrutinize the facts and delve into the potential repercussions of this verdict on the confidence of international investors in Portugal. In order to do so, it is crucial to look at hard data rather than speculations and baseless claims.



Data Refutes the Popular Narrative on Golden Visa Program's Role in Portugal's Housing Crisis

Upon conducting an in-depth analysis of the available data, it became apparent that claims suggesting the Golden Visa program is the main culprit behind Portugal's rising property prices are largely unfounded. The numbers paint a different picture altogether.

Foreign investors made up a meager 2.99% of all real estate transactions in the first half of 2022, with Golden Visa applicants representing a mere 0.6% of these transactions. These figures showcase the limited role of international investors, including Golden Visa holders, in shaping Portugal's real estate market. It is clear that their participation represents a relatively small fraction of the total transactions, and as such, they are unlikely to cause significant price hikes or contribute significantly to the ongoing housing crisis in the country.

The recent modifications to the [Portugal Golden Visa](#) program, which came into effect at the beginning of 2022, have resulted in a significant shift in the investment landscape. Under the revised guidelines, Golden Visa investors are restricted to investing solely in commercial real estate assets. This shift, contrary to the government's reasoning for discontinuing the program, the latest statistical data indicates that there is no clear association between the upward trend in housing prices and the foreign investments made through the Golden Visa scheme.

Indeed, this finding provides valuable insights for the real estate industry, dispelling the notion that the Golden Visa program is the driving force behind the escalating property values. Instead, it underscores the resilience of the domestic housing market, which remains unaffected by foreign [real estate investment](#).

Golden Visa Program Termination Could Deal a Heavy Blow to Portugal's Economy

It is worth noting that the termination of the Golden Visa program would have severe implications for Portugal's economy. By curbing foreign investments in the country's real estate market, Portugal risks losing its competitive edge and ceding its position as an attractive investment destination. This could lead to a slowdown in economic growth and a rise in unemployment, further exacerbating the country's existing challenges.

Moreover, the Golden Visa program has been a crucial component of Portugal's strategy to attract high-net-worth individuals and drive investment in various sectors of the economy. Its sudden termination could undermine the country's reputation and deter potential investors from considering Portugal as a viable investment destination.

To avoid the potential far-reaching consequences of a hasty decision to terminate the program, policymakers must have instead adopted a more balanced approach that promotes sustainable investment practices while safeguarding the interests of all stakeholders. Failure to do so risks undermining Portugal's economic prospects and undoing the progress made in recent years.

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Source of Numbers

Portuguese Immigration and Border Service (SEF): <https://www.sef.pt/pt/Pages/homepage.aspx>
Statistics Portugal: https://www.ine.pt/xportal/xmain?xpgid=ine_main&xpid=INE

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