

Real Estate Trends in Investment Migration Hubs in 2023

Real estate-linked investment migration programs are proving their resilience as they battle the inflationary environment we are facing. Property markets globally are confronted by interest rate hikes, an energy crisis that persists as the war in Ukraine persists, and increased construction costs caused by supply chain disruptions.

Alternative investments such as crypto and NFTs have been deemed too risky for some investors, so many are beginning to take heed of Mark Twain's wise advice to "buy land, they're not making it anymore".

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For centuries, high-net-worth individuals have been investing in brick and mortar as a long-term strategy to grow their wealth. The added benefit today is that many real estate investments qualify them for an [alternative residence](#) or an [additional citizenship](#) — invaluable asset classes in these unpredictable times.

It is estimated that across 25 global property hubs, real estate prices will rise by 2% in 2023, irrespective of the impending recession that looms. [Based on a survey by Knight Frank](#), on average, wealthy individuals in China, the UK, the USA, and Singapore (listed in descending order) own between 1.5 to 3.8 properties. Over the next 12 months it is anticipated that a large proportion of these affluent homeowners will invest in a new property, further strengthening the prime real estate sector. For the foreseeable future, it is expected that real estate investment will continue to be favored as a secure asset class for those who want to safeguard their capital and hedge against escalating inflation.

Portugal – A hub for investors and digital nomads

Europe's prime real estate market is on the whole set to grow, with many countries across the continent, including Portugal, anticipating a rise in property prices. Although residential property in metropolitan Lisbon and Porto no longer qualified for the highly coveted [Portugal Golden Residence Permit Program's](#) real estate remit from 1 January 2023, with a minimum [real estate](#) investment of just EUR 280,000, the country has continued to attract investors from Asia, the UK, and the USA.

Pre-pandemic, European investors acquired [second homes](#) in Portugal and Spain that they would occupy only during their summer breaks but, as more have adopted remote working and run their businesses digitally, [many of these investments have become full-time homes](#). Demand for residential beachfront, mountain view, and off-the-grid properties has grown as investors capitalized on the freedom of living and working from wherever they wish. Furthermore, savvy developers created commercial real estate solutions for investor migrants, including serviced luxury apartments offering fully managed, lucrative returns, with the flexibility for investors to utilize the property for short breaks.



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On 16 February 2023, the Portuguese government met to approve a package of measures to tackle the country's housing crisis. Among many changes announced, the termination of the Portugal Golden Visa Program was proposed and included. The matter is, however, subject to public discussion until 16 March 2023, and the measures may be amended or even reversed.

Spain – A market of opportunity

Investors from across the world — most notably from China, India, the UK, and the USA — are keen to secure their right to live in one of the Mediterranean's most vibrant countries by applying for the [Spain Residence by Investment Program](#), also known as the Spain [golden visa](#), which has a [real estate](#) option with a minimum investment requirement of EUR 500,000 for one or several properties. According to [Knight Frank's survey](#), Madrid ranked 10th in the list of the most popular cities where high-net-worth individuals plan on buying real estate in the next two years. In Q3 2022, property prices in Malaga, Madrid, and Valencia all [experienced the highest growth](#) since 2021 (7.4%, 7%, and 5.6%, respectively).

Overall, Spain's national realty prices increased by [8% year on year as at Q2 2022](#), but it is forecast that prices will buckle under the myriad of economic pressure points we anticipate in 2023. It is predicted real estate



prices will grow by a mere 1%, which will fall below the inflation rate, making it a year of negative growth in real terms. This could nonetheless pose an opportunity for capital-rich investors interested in acquiring their own piece of Spanish paradise as a long-term investment, while obtaining residence will guarantee their right to live, work, and study in Spain, and travel visa-free in the EU and across Europe's Schengen Area.

Malta – A slice of island life in Europe

The Maltese real estate market too has shown its resilience, with investors predominantly favoring property in St. Paul's Bay, Mellieha, Balzan, and Sliema, according to [PwC's Investment Barometer](#). Of the local investors included in PwC's survey, over 51% confirmed their appetite to invest in property in the coming year. To protect Maltese investors from the soaring cost of mortgages, the government [announced it will grant EUR 10,000 over a 10-year period](#) to first-time buyers of property valued at less than EUR 500,000, backdated to the beginning of 2022.

Many foreign investors have been drawn to the superior caliber of life in cosmopolitan Malta and purchased real estate to qualify for [permanent residence](#) or [Maltese citizenship by naturalization](#). Malta's Granting of Citizenship for Exceptional Services by Direct Investment Regulations (S.L. 188.05) (the Regulations), under the Maltese Citizenship Act Cap. 188, LN437 of 2020, provide for a residence path which may allow for the granting of citizenship by a certificate

of naturalization to foreign individuals and their families who contribute to the country's economic development. Community Malta Agency is the competent Maltese Government Agency responsible for administering the regulations. Henley & Partners (license number AKM-HENL) is an official agent for Malta's regulated residence and citizenship processes.

One of the investment requirements for [citizenship by naturalization](#) is to purchase a residential property in Malta for at least EUR 700,000 or lease a residential property for at least EUR 16,000 per annum, while the minimum real estate investment requirement for the [Malta Permanent Residence Programme](#) is a property purchase of EUR 350,000 (EUR 300,000 in South Malta or Gozo) or a property lease of EUR 12,000 per annum (EUR 10,000 in South Malta or Gozo) held for a minimum of five years in either case.

Greece – A spartan market amid volatility

[Greece](#) offers one of the most affordable real estate-linked alternative residence programs in Europe, requiring only a EUR 250,000 investment. This is set to change on 1 April 2023, when the minimum threshold will double for properties in Athens, Mykonos, Paros, Santorini, and Thessaloniki. It is anticipated that this policy change will result in a wave of rush investors in Q1 2023, as they race against time to obtain their residence permits at lower investment conditions.

Although the pandemic placed immense pressures on the [Greek housing market](#) it remained buoyant.

Investment in the real estate sector grew from 14.6% in 2020 to 26.5% in 2021, while construction activity also showed signs of growth (measured in m3) increasing from 5.9% in 2020 to an impressive 45.9% in 2021. Athens saw a 10.8% increase in Q3 2022 in its residential real estate prices over the previous 12-month period, a considerable appreciation that will most likely have benefited [Greece's Golden Visa Program](#) investors.

Türkiye – Delivering significant returns

With the neighboring Middle East plagued by unrest, from social uprisings in Iran, to the seemingly endless war in Syria, regional troubles have led to a relentless exodus of investors wanting to carve a better future for their families. Many business owners and wealthy families have gravitated to Türkiye due to its geographic proximity to and socio-cultural affinity with their birth countries and have shown substantial interest in the increasingly popular [Türkiye Citizenship by Investment Program](#).

Türkiye itself has been facing its own internal economic and political strife, with its local currency plummeting in recent years, but its real estate market has bourgeoned. Notwithstanding the rollercoaster conditions, Türkiye received record-high applications for its citizenship program in 2022 — popular as it requires an investment of USD 400,000 in real estate. Istanbul in fact demonstrated the strongest annual urban real estate price growth in Q3 2022 on Knight Frank's [Global Residential Cities Index Q3 2022](#), soaring by an astonishing 212.1% compared to the preceding year, yielding its foreign investors with notable returns. Ankara and Izmir took 2nd and 3rd places on the index, which tracks average residential prices across 150 cities worldwide, with year-on-year real estate price increases of 196% and 185.8% respectively. Our thoughts are with all those who have been impacted by the devastating earthquakes in Türkiye and Syria, and we wish them strength and courage to rebuild.

A much more permanent residence in the Caribbean

Historically the sunny playground of the rich and famous, the multi-faceted Caribbean is now drawing and retaining foreign investors from Canada, the UK, the USA, and many European countries. The digital revolution has transformed the way we work and do business, so many globally mobile individuals are [setting up ever more permanent bases](#) in these business-friendly island gems in turquoise seas.

St. Lucia has a predominantly British base of real estate investors (making up almost 90% of foreign buyers). With limited supply it is a lucrative market, with one-bedroom properties costing well over USD 2.5 million. It also lures foreign investors through its popular [St. Lucia Citizenship by Investment Program](#) that can be accessed by investing USD 200,000 in St. Lucian real estate, reduced from USD 300,000 as of 1 January 2023.

Neighboring Antigua and Barbuda has also been attracting foreign investors, not only thanks to the [Antigua and Barbuda Citizenship by Investment Program](#), which requires a minimum USD 200,000 [real estate](#) investment, but also due to its innovative tax and legal ecosystem. According to [Savills](#), Europeans make up 25% of international real estate investors, and British investors comprise a considerable 60% of foreign property investors.

The lifting of travel restrictions has welcomed the hordes of affluent investors who are traveling to this region. This has bolstered demand for seafront properties, branded residences with access to marinas, and serviced apartments on glamorous golf estates. Armed with an alternative citizenship, many are choosing to make the Caribbean much more than a Plan B — they are making it their new home.

The factors driving international real estate investment decisions are as varied as the list of sought-after [destinations](#) available via investment migration programs, many of which include real estate options. Residential real estate remains a prize asset. Over and above potential gains over the lifetime of the asset, an additional property can provide rental income in a strong, stable currency and offer geographical diversification and location fluidity via residence rights in additional countries or another citizenship, while at the same time offering distinct lifestyle or business advantages. With real estate-linked invest migration, whether it is due to the number and range of destinations you can travel to visa-free, or the [economic and personal freedoms](#) you can enjoy as a result, in a volatile world, having alternative residence options and second citizenships grants you greater global mobility, increased security, improved access to premium [education](#), and more extensive business opportunities in addition to your real estate asset.

As the pioneering firm in the residence and citizenship by investment industry, Henley & Partners is best suited to support you with any real estate-linked investment migration queries. If you'd like to explore the options available, please reach out to [Thomas Scott](#), Group Head of Real Estate. ■