Golden Visa Shift Expected 2024

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After a long run of success for Portugal with its Golden Visa programme in the last ten-plus years the market in Europe is likely to see a shift in fortunes in 2024 as other European options begin to soak up the demand.

The Portugal Golden Visa programme has seen huge success since its launch in 2012 bringing inward investment of over €7bn into the economy with over 90% of those funds channelling into the commercial real estate market fuelling major developments such as hotel projects. These hotel developments, built on equity capital not debt, would further fuel economic growth in a country that is largely dependent on tourism. In 2022 inward investment from Golden Visas alone represented over 2% of GDP for Portugal. Much of this investment was now coming from American investors as the US had risen from nowhere to become the largest source country for HNW investors seeking a second residency in Portugal.

The benefits of such a programme were clear to see. But in 2023 the government, under severe pressure from a domestic housing crisis, did what far left of centre governments do best. Making a decision based on ideology rather than sound economic principles the government effectively ended any golden visa investment in real estate from October of that year. The minimum investment rose from €280,000 to €500,000 and international investors now had to commit their capital to Venture Capital or Private Equity funds. Little over a month later Portuguese Prime Minister António Costa who had instigated the Golden Visa programme change, left an economic trail of destruction behind him as he submitted his resignation due to a corruption probe into Lithium exploration schemes.

“Our clients are having to take far more time in considering the new Portugal options”, says Paul Williams CEO and Founder of La Vida Golden Visas one of the largest Invesment Migration Consultants offering golden visa options throughout Europe. “They now have to understand the merits of Private Equity investment in an international context in order to gain residency, as opposed to real estate which is far simpler for the average investor. This immediately puts up barriers to clients familiar with real estate, stocks and shares, but unfamiliar with a more complex, riskier and less liquid investment class”. The switch is likely to see a huge reduction in the amount of capital channelled into Portugal through the programme. In 2023 investment into VC or PE funds for the Golden Visa in Portugal, while growing year on year, was still less than 25% of the total inward investment generated by Golden Visas.

Portugal has become far more of a niche investment for those seeking a Golden Visa since the change. While many investors are still attracted to the benefits of Portugal’s programme, in particular its path to potential citizenship after five years, others are looking to alternative markets. La Vida has seen a significant shift in demand driven in many ways through product innovation and other countries taking advantage of the gap in the market.

La Vida is now offering a commercial investment for the Spanish Golden Visa which with up front rental yield can effectively reduce the investment from €500,000 to €350,000. The commercial venture is attractive to passive investors who do not want the burden of owning a home in Spain and wish to see returns on their capital. Demand for the Spanish Golden Visa has been strong since its launch in 2013. Over 2000 main applicants each year invest a minimum €500,000 into real estate to gain the Spanish Golden Visa. Similar in size to the capital investment generated

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by Portugal it is a far lower percentage of overall GDP for Spain as its economy is roughly three times the size. Spain is tipped by many to be a big beneficiary of capital investment seeking an alternative to Portugal for residency investment.

The Greek Golden Visa has had tremendous success and now attracts over 7500 main applicants a year. Over half the applicants are from China. Not disimmilar to Portugal in the early days where China initially the dominant demand, gave way to the USA. Greece may well be the economy to benefit from the demand which Portugal experienced from the USA in recent years. Meanwhile one of the first commercial rental yield offerings is available in Greece. Here the investment for a Greek Golden Visa can be reduced from €500,000 to €250,000 due to its location. The investment into student accomodation offers an attractive yield and again an opportunity for passive investment for those looking for a golden visa without the burden of home ownership.

Meanwhile Hungary has announced its new golden visa programme starting in 2024. Through the Hungarian Golden Visa applicants will gain residency through investing either €500,000 into real estate or €250,000 into a property fund. All three countries, Spain, Greece and Hungary offer the benefits of EU residency, Schengen free travel and no minimum stay requirement avoiding the need for tax residency.

The future looks exciting for Golden Visa investments across Europe as countries and developers innovate with their offerings. “We’ve seen huge growth in investment migration in the last 10 years” says Williams. “The market is still growing strongly and we expect it to continue into 2024 with further double digit growth. When demand is there suppliers will fill the gap. We see a healthier market with more rounded choice for our clients going forward in Europe and look forward to an exciting year ahead.”

What was once a market dominated by one standout choice (Portugal and Real Estate) is now one that has multiple competing options. Governments and suppliers are rising to the challenge of offering innovate and attractive investment options that will help them take advantage of the demand shift resulting from the Portuguese government’s decision.

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