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PORTUGAL PROPERTY

## Positive Changes to Holiday Rental Alojamento Local (AL) Laws



The Portuguese government has introduced significant changes to local accommodation (AL) laws, offering relief to property owners and boosting the real estate market. These reforms, which reverse several restrictive measures implemented by the previous administration, are designed to make properties more attractive for holiday rentals, benefiting both buyers and sellers.

### Key Changes to the Holiday Rental Laws

In a recent announcement, António Leitão Amaro, the Minister of the Presidency, reaffirmed the government's commitment to addressing the concerns of the real estate sector. Speaking after a Council of Ministers meeting in Lisbon, Leitão Amaro emphasized that the new regulations aim to "correct mistakes" made under previous legislation, which had been a source of frustration for industry stakeholders.

One of the most significant revisions is the reinstatement of the ability to transfer existing rental licenses. Under the previous government, this transmission was blocked, limiting flexibility for property owners in cases of inheritance, divorce, or sale of the property. With the new law, AL licenses will once again be

transferable, benefiting both current owners and potential buyers.



Another positive change is the removal of the five-year expiration on AL licenses, offering greater stability and long-term security for property investments.

The government is also adopting a decentralized approach, allowing local municipalities to set their own rules for AL properties in high-demand areas. This tailored approach will enable regions to implement regulations that reflect their specific needs, promoting sustainable growth in the holiday rental market.

Currently, new AL licenses cannot be applied for in properties under the “propriedade horizontal” regime, but decentralization will give municipalities the authority to reconsider these restrictions.

Leitão Amaro expressed confidence that these changes would be swiftly implemented, with the final law expected to come into effect “within weeks.” This quick turnaround should provide immediate relief to a sector that had been burdened by previous regulations.



The government's proactive stance, including recent adjustments to the extraordinary contribution and Municipal Property Tax calculations, is creating a more favourable environment for real estate. These changes are expected to restore investor confidence and contribute to the overall vitality of the market.

These reforms are anticipated to have a far-reaching impact on Portugal's real estate and tourism sectors. By reinstating the transferability of AL licenses and removing the five-year expiration limit, property owners now have greater flexibility and security, making it easier to manage or sell their investments without the restrictions that previously hampered market fluidity. This will likely encourage more individuals to invest in holiday rental properties, boosting overall market activity.

The decentralization of decision-making regarding AL licenses in high-pressure areas is another key change. By empowering municipalities to tailor local accommodation rules to their specific needs, the government is fostering a more responsive and balanced approach. This localized control enables regions facing high demand for short-term rentals to implement measures that both support tourism and protect local housing availability for residents.

Moreover, the recent adjustments to the extraordinary contribution and Municipal Property Tax (IMI) coefficient are aimed at easing the financial burden on property owners. These revisions, which correct imbalances in tax calculations, signal a government commitment to creating a more equitable and investor-friendly environment. For property owners, this means reduced costs and a more predictable financial outlook, further contributing to confidence in the sector.



These changes reflect the government's broader strategy to support the tourism industry while maintaining balance in residential areas. As tourism continues to be a major economic driver in Portugal, the updated AL laws ensure that property owners can continue to capitalize on this demand without undermining the availability of housing for local residents. This approach promotes sustainable growth and helps prevent the over-saturation of short-term rentals in key cities like Lisbon and Porto, where housing shortages have been a growing concern.

In conclusion, the recent changes to Portugal's holiday rental laws represent a positive shift for property owners, investors, and municipalities alike. With more flexible licensing rules, reduced financial burdens, and a localized regulatory approach, the reforms are set to enhance the appeal of investing in holiday rentals. These measures not only provide stability and confidence to current property owners but also create new opportunities for future investors, ensuring the long-term health and sustainability of Portugal's vibrant real estate and tourism markets.

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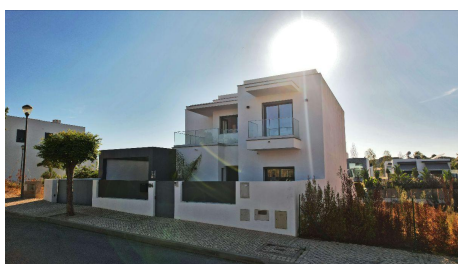
  
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This stunning contemporary Villa is located in a highly desirable, up-and-coming residential area, just a short stroll from the beach. Boasting 3 bedrooms and 4 bathrooms, this turnkey property offers everything needed for luxurious living. It offers a low maintenance garden with a beautiful swimming pool and a fantastic basement entertainment areas.

Ref.

**OH2769**

**Price €1,400,000**

**2+1 ground floor apartment located within the prestigious Palmyra Resort  
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Ref.

**OH2768**

**Price €650,000**

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Quick and enlightening responses.  
Monica is punctual and sincere.  
Happy to recommend.

**Sónia and Octávio - Vilamoura**



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