Cyprus Property Market — Report III

District Estimates for 2027 and Investment Allocation

Prepared September 2026. Companion to Report I (ten-year review and five-year outlook) and Report II (development appraisals). Data current to July 2026 (DLS) and Q1 2026 (CBC, RICS).

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1. Two conditions framing these estimates

1. The interest rate cycle has turned. The ECB raised its deposit rate to 2.25% in June 2026, its first increase since 2023, as the Middle East conflict pushed eurozone inflation higher. The Cyprus weighted average on new housing loans troughed at 3.09% in March 2026 and has since drifted up to around 3.23%. The trough is behind the market, not ahead of it. This brings the affordability constraint forward into 2027 and places the price estimates below in the lower half of what current momentum alone would imply.

2. The Larnaca marina is not a live catalyst. The Kition Ocean Holdings concession for the Larnaca port, marina and waterfront — a €1.2bn project awarded in 2020 — was terminated in March 2024 following a disagreement over financial guarantees, with the government requesting €8m against the consortium's position that €4.2m had been agreed. As of January 2026 the project remains stalled, with the consortium publicly asking the government to revive the contract and the transport ministry signalling only continued consultations and expert studies.

Larnaca's growth is genuine, but it rests on affordability spillover from Limassol rather than on the waterfront. Any Larnaca thesis that depends on that project delivering should be treated as an option with no committed timetable, and is priced here as upside rather than as base case.

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2. Where each district stands entering 2027

District	H1 2026 contracts	vs H1 2025	CBC price Q1 2026	2025 transfer value

Limassol	3,264	+19.8%	+9.1% (moderating)	€2,642m (41%), –3%
Larnaca	2,163	+11.0%	+8.9% (accelerating)	€1,057m (16%), +15%
Nicosia	2,141	+6.5%	+2.8% (accelerating)	€1,243m (19%), +15%
Paphos	1,992	**+20.5%**	+6.4% (moderating)	€1,254m (19%), +17%
Famagusta	447	+13.7%	~flat	€316m (5%), +27%
Cyprus	**10,007**	**+14.6%**	**+7.5%**	**€6,513m, +8%**

Average unit prices, 2025:

District	Apartments	Houses
Limassol	€403k	€414k
Paphos	€230k	€466k
Larnaca	€178k	€269k
Nicosia	€177k	€244k
Famagusta	€150k	€352k

Supply pipeline — authorised dwelling units:

District	Units	Share of pipeline	Share of transaction value
Nicosia	5,374	33%	19%
Limassol	4,745	29%	41%
Larnaca	3,778	23%	16%
Paphos	1,729	11%	19%
Famagusta	545	3%	5%

The final two columns are the most useful comparison in this report. **Paphos is the only district whose pipeline share sits materially below its value share** — 11% against 19%. Larnaca is the reverse: 23% against 16%.

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3. Estimates for 2027

District	Contracts	CBC price index	Confidence
Paphos	+7 to +9%	+5.5 to 6.5%	Medium — high foreign beta
Larnaca	+5 to +7%	+6.0 to 7.0%	Medium-high
Nicosia	+4 to +6%	+3.5 to 4.5%	High
Limassol	+2 to +4%	+4.5 to 5.5%	Medium
Famagusta	+2 to +5%	+1.5 to 3.0%	Low — thin market
Cyprus	**+4 to +6%**	**+4.5 to 5.5%**	

Why the island-wide deceleration from ~14% to ~5%

1. **The rate turn.** The ECB moved in June 2026. Mortgage pricing feeds through to domestic and EU buyers within two to three quarters, so 2027 is the first full year carrying the higher cost.
2. **Base effects.** Every month of 2026 has outrun its 2025 counterpart, and 2025 itself was the strongest year since 2007 at 18,114 contracts. Sustaining double-digit growth against those comparisons requires an acceleration in absolute activity, not merely its continuation.
3. **The leading edge of supply.** Completions land in 2028–29, but agent inventory and off-plan competition begin to show during 2027. Buyers who have had no choice since 2022 start to have some.

District logic

Paphos — highest volume growth, moderating prices. Fastest-growing district in H1 2026 at +20.5% and the thinnest mainland pipeline at 1,729 units. Prices moderate from ~9% to ~6% because the district's own 2025 run was steep (house averages +16%, land fields +51%), not because demand is weakening. Foreign buyers took 41.2% of transfers here against a 20.4% national average — the highest beta on the island, and the reason confidence is only medium.

Larnaca — highest price growth, tempered outlook. The only district where the price index is accelerating from a coastal base, at +8.9%. Entry prices remain the lowest of any coastal district at €178k for apartments against Limassol's €403k, and that gap is the engine. Two brakes: the marina is not delivering, and 23% of the national pipeline against a 16% value share means Larnaca absorbs proportionately more new supply than anyone except Nicosia. Strong in 2027, weaker from 2029.

Nicosia — slowest, steadiest, most defensible. Foreign buyers took only 9.1% of transfers, so the district is nearly insulated from the geopolitical risk that dominates the coastal markets. Volume grew 10% in 2025 while Limassol fell 2%. Price growth is accelerating but from +2.8%, and the 5,374-unit pipeline is the largest in absolute terms. Low ceiling, high floor.

Limassol — deceleration first and sharpest. Still the value centre at 41% of transaction value and €1.084bn of transfers in the first seven months of 2026 alone. But Limassol was the **only district to record a fall in transaction value in 2025 (−3%)**, volume fell 2%, its share of the ≥€1.5m segment dropped from 76% to 61%, and it carries 4,745 authorised units. The Q1 2026 index reading of +9.1% is apartment-weighted and does not describe the house market.

Famagusta — not investable at scale. 545 authorised units, flat prices, and a base so small that percentage figures are unreliable as evidence. The 2025 apartment average actually fell, from €157k to €150k, while houses rose from €302k to €352k on 461 transactions. The high-end is concentrated in Ayia Napa Marina and is effectively a single-asset market.

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4. Where an investor should put money

4.1 By objective

Objective	District and product	Rationale
Income	Limassol apartments	5.5–6% gross, up to 7–7.8% on sought-after small units, against a 5.44% national apartment average. Over 8,700 tech companies in Cyprus, many Limassol-based, generating 12–24 month executive lets. The deepest rental market on the island and the only one where 6% gross is

		repeatable rather than opportunistic.
Capital growth with supply protection	Paphos, apartments and houses	1,729 authorised units against Limassol's 4,745; 6% licensed-surface growth against Limassol's 35%. Paphos houses now out-price and out-sell Limassol houses (€466k vs €414k; 1,273 units vs 1,124). Airbnb occupancy 78% annually in 2025, the highest of any district.
Best 2027 total return, short window	Larnaca apartments	€178k average entry, price index accelerating to +8.9%. But 23% of the national pipeline on a 16% value share. **A two-year play with an exit before 2029, not a hold.**
Defensive ballast	Nicosia apartments	9.1% foreign share of transfers — least exposed to geopolitical shock. €177k average entry, ~5% gross yields. Volume grew 10% in 2025 against Limassol's –2%.

4.2 Underweight or avoid

- **Famagusta** — too thin for the statistics to constitute valuation evidence.
- **Limassol mid-tier houses** — the appraisal in Report II returns roughly 7% on cost at a €1.2m exit. Prime works (28% at €1.5m), mid-tier does not.
- **Retail, anywhere** — the weakest asset class in the RICS series for several consecutive quarters. No case for revision.
- **Limassol offices** — the pipeline risk in Limassol sits here more visibly than in residential. Watch yields rather than capital values.
- **Any villa bought for income** — 2.9–4% gross against 5–7% for apartments. Villas are a build-and-sell or lifestyle asset, not an income asset.

4.3 Suggested allocation

Buy-and-hold investor, three to five years:

Allocation	Weight	Product
Limassol	40%	Apartments, 1–2 bed, near-sea, for income
Paphos	35%	Apartments and selective houses, for growth
Nicosia	25%	Apartments, for ballast

Larnaca is excluded from a five-year hold despite having the best 2027 numbers, because its pipeline and the stalled marina make the back half of that horizon unattractive. An investor with a two to three year horizon should invert this and weight Larnaca heavily.

Developer: the sequencing in Report II stands — Paphos for the villa scheme at ~20% on cost, Limassol for the apartments as a sell-through play at ~19.6% on cost, with the two starts staggered 12–18 months so the exits do not land in the same year. Stress both at 6.5% and 7.5% finance following the ECB turn.

4.4 The variable that would change all of this

Limassol land plot averages fell from €446k to €298k in 2025 — a 33% drop — while land fields rose 30% to €206k. Part of that is mix effect. But if it proves to be a genuine repricing of serviced plots and holds through 2027, **Limassol land becomes the trade** and the allocation above shifts materially toward acquisition rather than completed stock.

This is worth monitoring monthly in the DLS land series rather than waiting for the annual publications.

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5. Risks to these estimates

Risk	Effect if it materialises
Further ECB tightening beyond 2.25%	Volume estimates fall to +1 to +3% island-wide; Nicosia and Larnaca hit first
Regional escalation affecting connectivity	Paphos corrects first and hardest (41.2% foreign); Nicosia least affected (9.1%)
Permit pipeline delivering early	Price estimates fall roughly 150–200bp, concentrated in Limassol and Larnaca apartments
Larnaca marina concession revived	Larnaca five-year case improves materially; treat as upside option only
Construction cost inflation resuming	Supports prices, compresses developer margins — a divergence between investor and developer outcomes
Tightening of the €300,000 residency threshold	Direct hit to the Paphos and Limassol new-build apartment segments

6. Sources

Department of Lands & Surveys; PwC Cyprus *Real Estate Market — Year in Review 2025* (April 2026); Central Bank of Cyprus RPPI Q1 2026 and lending data; RICS Cyprus Property Index with KPMG, Q4 2025 and Q1 2026; CYSTAT building permits and dwelling authorisations; ECB policy announcements to June 2026; Cyprus Mail reporting on the Kition Ocean Holdings concession (January 2026); Global Property Guide rental and yield data; BuySell / Cyprus Mail analysis of DLS data, H1 and 7M 2026.

Estimates in Section 3 are scenario-based projections derived from the historical series and the assumptions stated in Report I. Allocation guidance in Section 4 reflects market data, not the risk tolerance, tax position or horizon of any particular investor, and is not a personal recommendation. Re-base against each quarterly CBC release and monthly DLS publication.