

PRIVATE DISPATCH

Cyprus Property Outlook

Pricing, Yields and Segment Trends

District-level data · Transaction volumes · Advisor commentary

Edition: Mid-2026 (data through Q4 2025, with Q1 2026 indicators)

Coverage: Nicosia · Limassol · Larnaca · Paphos · Famagusta (Government-controlled areas)

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About This Dispatch

This outlook synthesises the most recent publicly available data on the Republic of Cyprus residential and mixed-use property market into a single, navigable briefing. It is intended for owners, prospective buyers, landlords and advisors who want a grounded read on where prices, transaction activity and rental returns sit going into the second half of 2026, broken down by district and by market segment.

How to read this report — sourcing and honesty note

Every headline figure here is drawn from a named public source, principally: the **Central Bank of Cyprus** (Residential Property Price Index), **CYSTAT / Eurostat** (harmonised House Price Index), the **Department of Lands and Surveys** (sale-contract volumes), **RICS Cyprus / KPMG** (yields), **PwC Cyprus** and the **Real Estate Agents Registration Council**.

Where a number comes from a commercial listing portal, agency or market blog rather than an official register, it is labelled as a *market estimate*. Listing-based medians reflect asking prices, not completed sales, and skew toward the districts where each portal holds the most stock. They are directional, not definitive.

This is a market briefing, not investment, tax or legal advice. Figures move every quarter; verify any number against the original source before acting on it, and consult a qualified Cyprus advisor for your specific situation.

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Executive Summary

Cyprus closed 2025 as its strongest property year since the 2007 peak, and the early indicators for 2026 show that momentum carrying through. **The story is no longer simply “prices are rising.”** It is a market that has visibly split — by property type, by district and by buyer type — and the gaps are widening.

The seven things that matter most

- 1. Prices accelerated into year-end.** The Central Bank of Cyprus Residential Property Price Index rose 7.1% year-on-year in Q4 2025, up from 5.0% in Q3 and roughly 4.8% in Q1 — the market sped up after a calmer summer rather than cooling.
- 2. Apartments are doing almost all the work.** Apartment prices climbed 9.6% year-on-year in Q4 2025 against just 3.4% for houses. The affordability squeeze is pushing demand toward smaller, newer units.
- 3. Record activity.** Sale contracts hit multi-decade highs; total property transfer value for 2025 exceeded €4.7 billion. Q4 2025 alone saw 4,941 contracts, up 18.7% year-on-year.
- 4. Foreign demand is structural, not marginal.** Combined EU and non-EU buyers made up just over 40% of 2025 purchases — above the long-run average of about 36% — and dominate Paphos outright.
- 5. Yields favour apartments and the coast.** RICS Cyprus / KPMG put Q4 2025 gross yields near 5.45% for apartments versus about 2.96% for houses; Limassol leads cities at roughly 6%.
- 6. Districts are diverging sharply.** Limassol and the Larnaca–Paphos coast are pulling prices up; Nicosia is a flat, affordability-led stabilisation market where houses have actually softened.
- 7. Supply is finally responding — but slowly.** Residential building permits jumped about 36% in the first eleven months of 2025, yet licensing delays and labour shortages mean the relief reaches the market with a lag.

Bottom line

Cyprus enters H2 2026 as a mildly seller-leaning market with strong fundamentals — a growing economy, falling mortgage rates and deep foreign demand — but with the upside concentrated in apartments and coastal districts. The clearest risks are an affordability ceiling for local buyers, a pending tightening of the rules on non-EU purchases, and the perennial supply bottleneck. Houses and villas, especially in Nicosia, offer more negotiating room than the headline indices suggest.

1. Macro Backdrop

Property does not move in isolation. Three macro forces shaped the 2025 market and continue to set the tone for 2026: a resilient domestic economy, a falling cost of borrowing, and a supply pipeline that is expanding but constrained.

1.1 A growing, low-unemployment economy

Cyprus has continued to post real GDP growth around 3% with unemployment near historic lows of roughly 4.5%. Growth is led by services — tourism, information and communications technology, professional and financial services, and higher education. That mix matters for property: it drives household formation, sustains a deep pool of relocating foreign professionals (especially in Limassol), and underpins both owner-occupier and rental demand. The European Commission’s sentiment surveys show construction activity in positive territory for nine consecutive quarters and price expectations strengthening into 2026.

1.2 Financing: the rate tailwind

The single biggest change since 2024 is the cost of money. Following the European Central Bank’s easing cycle from mid-2024, the average mortgage rate in Cyprus fell to about **3.03% by September 2025, down from 4.27% a year earlier**. Cypriot retail lending rates dropped below the eurozone median from around May 2025. Lower rates have restored purchasing power and supported credit growth, even as banks have kept lending criteria deliberately strict. The Central Bank’s Bank Lending Survey showed net demand for housing loans rising into Q4 2025, with banks expecting demand and criteria to hold steady through early 2026.

1.3 Supply: responding, with a lag

Supply is the market’s structural pinch-point. The encouraging signal is that it is finally moving: residential building permits rose **about 36% year-on-year over January–November 2025, to roughly 14,400 units** (from around 10,600 a year earlier). Construction-material price inflation, meanwhile, cooled to around 1.3–1.4% — still at historically high levels, but no longer spiking.

The catch is timing. New permits take years to become finished, sellable stock, and developers continue to flag two persistent brakes: slow development-licensing procedures and a shortage of construction labour. The result is that price pressure is unlikely to ease quickly in the most supply-constrained districts, even with permits climbing.

Indicator	Latest reading	Direction
GDP growth (2026, projected)	~3%	Stable / supportive
Unemployment	~4.5% (near record low)	Supportive
Avg. mortgage rate (Sep 2025)	3.03% (from 4.27% a year earlier)	Falling — tailwind
Residential permits (Jan–Nov 2025)	~14,400 units (+36% y/y)	Rising — eases supply
Construction material inflation	~1.3–1.4% y/y	High but cooling

Indicator	Latest reading	Direction
Price-expectations indicator (EC)	29.1 (vs 25.5 a year earlier)	Strengthening

Sources: Central Bank of Cyprus; CYSTAT; European Commission Business & Consumer Surveys (2025–2026).

2. National Pricing Trends

Two official indices track Cyprus house prices, and reading them together is the key to understanding the market correctly.

2.1 The two indices — and why they differ

Central Bank of Cyprus RPPI. A valuation-based index built from bank survey data on mortgage-related transactions, with 2010 Q1 set to 100. It covers all five government-controlled districts and separates houses from apartments. It tends to capture pressure in the market more sensitively.

CYSTAT / Eurostat HPI. The official harmonised House Price Index, based on actual residential purchases. It is the cleaner cross-border benchmark but is smoother and less granular.

In Q4 2025 the RPPI rose **7.1% year-on-year** while the harmonised HPI rose **6.0%**. That gap is not a contradiction — it is methodology. The valuation-based index reacts faster; the purchase-based index lags. Used together, the HPI tells you the national trend and the RPPI tells you where the pressure is concentrated.

2.2 The acceleration into year-end

After a calmer summer, the market sped up again. On the Central Bank index, the overall rate of annual increase moved from roughly 4.8% in Q1 2025 to 5.0% in Q3 and then 7.1% in Q4. On a quarterly basis, prices rose 2.3% in Q4 alone, nearly double the 1.2% of Q3. This re-acceleration — not a plateau — is the defining feature of the late-2025 market.

Central Bank RPPI (year-on-year)	Q1 2025	Q3 2025	Q4 2025
Overall index	~4.8%	5.0%	7.1%
Apartments	—	—	9.6%
Houses	—	—	3.4%
Quarter-on-quarter (overall)	—	1.2%	2.3%

Source: Central Bank of Cyprus, Residential Property Price Index, Q4 2025 report (published 18 March 2026).

2.3 Apartments versus houses: a structural divergence

The headline number hides the real story. In Q4 2025 apartment prices rose **9.6% year-on-year while house prices rose only 3.4%** — and quarter-on-quarter the split was 3.0% versus 1.2%. The cause is affordability: as larger homes have become more expensive to buy and finance, demand has migrated toward smaller, newer, energy-efficient apartments. Foreign demand, concentrated in exactly the coastal districts where apartments are rising fastest, reinforces the effect.

For 2026 the practical implication is that the apartment segment is where most of the price growth, and most of the competition, will sit. Houses and villas — particularly resale stock — are the part of the market where buyers retain the most leverage and where price reductions are more common.

2.4 A note on price levels

Official indices track *change*, not absolute price levels. For orientation only, market-estimate figures from listing portals in early-to-mid 2026 placed prime Limassol coastal stock at roughly €4,500–8,000 per m², while older resale apartments in suburban Nicosia and inland Larnaca/Paphos fell closer to €1,700–2,400 per m². Treat these as directional asking-price ranges, not transaction values.

Reading tip

If you only remember one thing from this section: in Cyprus right now, **“the market” means the apartment market**. Houses, and Nicosia in particular, are on a different and softer trajectory. Always ask which segment a quoted growth figure refers to.

3. Transaction Volumes & Market Activity

Prices tell you about pressure; volumes tell you about conviction. On both measures, 2025 was exceptional.

3.1 A record year

2025 was Cyprus's strongest property year since the 2007 peak and among the best since records began in 2000. The total **value of property transfers exceeded €4.7 billion**, up roughly 10% on 2024, even as the number of transfers rose only marginally — a clear sign of a shift toward higher-value deals. The Real Estate Agents Registration Council recorded 18,114 sale documents filed nationally in 2025, up about 15% from 15,797 in 2024.

Different bodies measure slightly different things — the Department of Lands and Surveys counts all sale contracts (including land and commercial), while PwC's review focuses on residential units (around 15,900 sold in 2025). The totals therefore vary by source and scope, but the direction is unanimous: **volume and value both rose to roughly decade-or-more highs.**

3.2 The fourth quarter in detail

Q4 2025 captured the acceleration. Total sale contracts reached **4,941, up 18.7% year-on-year** from 4,163. Crucially, foreign demand grew faster than local: purchases by Cypriots rose 15.3% to 2,901, while foreign purchases rose 23.9% to 2,040.

District	Q3 2025 contracts	Q4 2025 contracts	Local share (Q4)
Limassol	1,431	1,407	67% local
Nicosia	981	1,124	84% local
Larnaca	921	1,109	Broadly balanced
Paphos	878	1,036	~32% local (68% foreign)
Famagusta	233	265	Broadly balanced
TOTAL	4,444	4,941	—

Source: Department of Lands and Surveys, via Central Bank of Cyprus (Q3 and Q4 2025). Buyer-share figures are approximate.

3.3 Who is buying

Over the full year 2025, domestic buyers accounted for **10,859 sales (59.9%)**, EU buyers for 2,446 (13.5%) and non-EU buyers for 4,809 (26.5%). Combined, foreign buyers made up just over 40% of transactions — above the long-run (18-year) average foreign share of about 36.2%. The composition varies dramatically by district, which is the single most important fact for anyone choosing where to buy.

- **Nicosia** is overwhelmingly local (around 84% of Q4 contracts) — a domestic, end-user market.
- **Limassol** is local-majority but internationalised (around 67% local), driven by relocating professionals and corporates.

- **Paphos** is the outlier: non-EU and EU buyers together outnumber locals, with foreign buyers around 68% of purchasers — the clearest holiday-home and overseas-investor market on the island.
- **Larnaca and Famagusta** sit in between, with broadly balanced local/foreign participation and fast-growing overseas interest.

3.4 Early-2026 momentum

The strength did not stop at year-end. In **March 2026, sale contracts reached 1,761 — up about 18% year-on-year** and close to the levels last seen in the record year of 2007. January and February were up 11% and 12% respectively. Across Q1 2026, of roughly 4,709 contracts filed, about 57% were attributed to Cypriot buyers and 43% to foreigners, of whom around two-thirds were from outside the EU — reflecting, among others, Cyprus’s enduring popularity with British buyers.

4. Rental Yields & Income Returns

For investors, the return profile is as important as capital growth. Cyprus offers moderate but stable gross yields, with a wide spread between segments and locations.

4.1 The national picture by segment

The RICS Cyprus Property Index, produced with KPMG, put Q4 2025 gross yields at roughly **5.45% for apartments, 5.58% for offices, and just 2.96% for houses**. The yield gap between apartments and houses is the income-side mirror of the price divergence: apartments deliver both stronger appreciation and materially higher income, which is precisely why capital is crowding into them. Year-on-year movement in yields was marginal (apartments were near 5.41% and houses near 3.03% a year earlier), meaning rents and prices have risen broadly in step.

Segment / city	Indicative gross yield	Source basis
Apartments (national)	~5.45%	RICS Cyprus / KPMG, Q4 2025
Offices (national)	~5.58%	RICS Cyprus / KPMG, Q4 2025
Houses (national)	~2.96%	RICS Cyprus / KPMG, Q4 2025
Limassol (residential)	~6% (5.5–6%)	RICS / market estimate
Nicosia (residential)	~5% (4.67%)	RICS / Global Property Guide
Larnaca (residential)	~4%	RICS / market estimate
Paphos (residential)	~4% (4.66%)	RICS / Global Property Guide

Yields are gross (before costs). City figures blend RICS data with portal estimates and should be treated as indicative.

4.2 Rents, in round numbers

Global Property Guide's March 2026 sampling illustrates the spread in asking rents. In the capital, three-bedroom units averaged around €1,150 per month. Limassol — the island's largest and priciest rental submarket — averaged roughly €2,700 for an equivalent unit. Paphos sat lower, with one-, two- and three-bedroom asking rents in the region of €870, €1,200 and €1,600 respectively. These are asking-rent samples, not lease-transaction averages, but they capture the broad hierarchy.

4.3 The price-to-rent reality check

On gross yields near 5.4%, Cyprus apartments trade at a price-to-rent ratio of roughly 18× annual rent — within a reasonable range for income investors and notably more attractive than the house segment, where sub-3% yields imply a ratio above 30×. Put plainly: **apartments look fairly priced against the rents they generate; large houses look stretched.**

Net versus gross

Every yield above is **gross**. Before budgeting, deduct management and letting fees, maintenance and service charges (which can be substantial in premium seafront towers), insurance, municipal fees, vacancy, and tax.

Net yields typically land one to two percentage points below the gross figure, and the gap is widest on high-service luxury units where the purchase price is inflated but rents do not rise proportionally.

5. Segment Analysis

Beneath the national numbers, four segments behave quite differently. Understanding which one you are operating in matters more than the headline index.

5.1 Apartments — the engine

Apartments are the centre of gravity of the current market: roughly 55% of listings and sales, the fastest price growth (9.6% year-on-year in Q4 2025), and the highest residential yields (~5.45%). The driver is structural — affordability is pushing both local and foreign buyers toward smaller, newer, energy-efficient units with good parking and central access. The strongest apartment demand is in Larnaca, Paphos and selected areas of Limassol.

Outlook. Apartments are expected to continue outperforming houses through 2026, though at a slower pace than the 2023–2025 peak. Newer energy-efficient units are projected to lead value growth. This is also the most competitive segment for buyers — the part of the market where bidding tension and limited inventory are most acute.

5.2 Houses & villas — the softer flank

Detached and semi-detached houses (around 25% of the market) and villas (around 7%) have moderated sharply. National house-price growth was just 3.4% year-on-year in Q4 2025, and in Nicosia house and villa prices actually declined over the year. Yields are low (~2.96% gross). Price reductions and negotiation are more common here than in apartments.

Outlook. This is a buyer-leverage segment. For owner-occupiers seeking space, or investors with a value or renovation strategy, resale houses — especially inland and in Nicosia — offer the clearest room to negotiate. The premium coastal villa market is a separate story, driven by overseas wealth and short-let potential rather than local affordability.

5.3 Short-term lets (Airbnb-style) — the high-yield play

Short-term rentals have moved from a side-hustle to a structural pillar of the market. As of early 2026 Cyprus had roughly **12,300 active listings against about 8,248 officially registered properties** — a gap that signals tightening enforcement and a likely thinning of unregistered competition for compliant hosts.

Returns can materially exceed long-term lets. In prime tourist zones, gross revenue yields of 7–10% (and higher in peak season) compare with 5.5–6.5% for long lets — though that advantage narrows once higher operating costs, platform fees, management and seasonality are netted off. Geography defines the model:

- **Limassol** — the leader. Year-round occupancy (often 92–95% in core districts) from a mix of leisure, business and corporate-relocation demand; the lowest seasonality on the island.
- **Paphos** — a strong, established tourism identity (UK and central European visitors). More seasonal than Limassol, but lower entry prices can produce higher percentage yields.

- **Larnaca** — on an upswing, helped by port/marina redevelopment and airport proximity for short stays.
- **Ayia Napa / Protaras (Famagusta)** — a villa-with-pool model aimed at families and groups; highly seasonal but premium in peak months.
- **Nicosia** — business, academic and conference demand; more moderate but stable returns with low seasonal risk.

Compliance matters

Short-term letting is legal but regulated. Operators must register with the Deputy Ministry of Tourism (a €222 fee, valid three years), hold a valid certificate of occupancy and appropriate insurance, and meet health-and-safety standards. Building-level bylaws and HOA rules — common in popular complexes — can restrict short lets even where the law permits them. Cyprus has, notably, rejected a per-owner cap on short-term rentals, so portfolio-scale operation remains legally possible. Always verify a building's rules before buying for short-let use.

5.4 Commercial & offices — quietly attractive

Offices delivered the second-highest gross yield of the segments tracked by RICS Cyprus / KPMG (~5.58% in Q4 2025), supported by Limassol's concentration of international headquarters, shipping and ICT firms, and Nicosia's administrative base. Limassol's Q3 2025 RICS data also flagged strength in apartments and warehouse/logistics property specifically. Commercial assets are less liquid and more management-intensive than residential, but for institutional and higher-net-worth investors they offer competitive income in the relocation-driven hubs.

6. District Profiles

The national averages disguise five very different markets. Each profile below pairs the hard data (price direction, Q4 2025 volume, buyer mix, indicative yield) with a plain-language read on who the district suits.

How to use these profiles

Match the district to your goal, not the other way round. Limassol for prime growth and year-round letting; Paphos for holiday-home and overseas-investor exposure; Larnaca for an up-and-coming coast at lower entry prices; Nicosia for stable, local, value-oriented buying; Famagusta for seasonal resort villas.

6.1 Limassol — the prime growth engine

Metric	Reading
Price direction (Q4 2025)	Strongest district nationally — overall index ~+9.9% y/y
Q4 2025 sale contracts	1,407 (highest volume of any district)
2025 transfer value	~€1.7bn (highest; from ~€1.5bn in 2024)
Buyer mix	~67% local; heavily internationalised
Indicative gross yield	~5.5–6% residential (highest in Cyprus)
Best-fit buyer	Growth investors; relocating professionals; short-let operators

Sources: Central Bank of Cyprus (RPPI); Department of Lands and Surveys; Real Estate Agents Registration Council; RICS Cyprus / KPMG.

Limassol is the island's economic and property powerhouse — the most cosmopolitan market, anchored by shipping, ICT, international headquarters and a large foreign-professional community. It leads on price growth, transaction value and rental yield simultaneously, a rare trifecta. The marina, luxury towers and modern developments sustain a high-yield, low-seasonality letting market with occupancy in core districts (Neapolis, Mesa Geitonia, Germasogeia) reported in the low-to-mid 90s.

The trade-off is price. Prime seafront stock commands the highest per-square-metre prices on the island, and premium towers carry heavy service charges that compress net yields. Limassol is where capital growth and rental demand are most assured — and where you pay most for that certainty.

6.2 Nicosia — the stable, local, value market

Metric	Reading
Price direction (Q4 2025)	Flat to weak; houses/villas declined over 2025
Q4 2025 sale contracts	1,124 (second-highest volume)
2025 transfer value	~€1.1bn (up from ~€950m); strong growth in value
Buyer mix	~84% local — the most domestic market

Metric	Reading
Indicative gross yield	~5% residential; stable, low-seasonality lets
Best-fit buyer	Owner-occupiers; value/renovation buyers; risk-averse landlords

Sources: Central Bank of Cyprus (RPPI); Department of Lands and Surveys; Real Estate Agents Registration Council.

The capital is the counterweight to the coast. As Cyprus's administrative and economic centre, it generates steady year-round demand from government, business, students and institutions — insulating it from seasonal swings but also from the speculative heat of the coastal districts. Citywide prices have been broadly flat, with apartments edging up a few percent while houses and villas softened, a textbook affordability-driven shift toward smaller units.

That makes Nicosia the clearest buyer-leverage market on the island, especially for resale houses, where reductions and negotiation are realistic. For investors, rental demand is stable and lower-risk (driven by employment, academia and conferences) rather than high-octane. It suits buyers who prioritise predictability and value over momentum.

6.3 Larnaca — the rising coast

Metric	Reading
Price direction (Q4 2025)	Strong; among the faster-growing districts (Q3 index ~+7.3% y/y)
Q4 2025 sale contracts	1,109 (close behind Nicosia)
2025 transfer value	~€698.5m; broad-based growth; sale contracts surged
Buyer mix	Broadly balanced local/foreign; fast-rising overseas interest
Indicative gross yield	~4% long-let; upside on short-let near coast/airport
Best-fit buyer	Early-cycle investors; short-let operators; lower entry budgets

Sources: Central Bank of Cyprus (RPPI); Department of Lands and Surveys; Real Estate Agents Registration Council.

Larnaca is the district to watch. Its volume has surged to sit just behind Nicosia, foreign interest is climbing fast, and major redevelopment of the port and marina is reshaping the seafront. Airport proximity is a genuine competitive advantage for short stays and logistics. Entry prices remain lower than Limassol, which is exactly why percentage yields can be attractive and why early-cycle investors are paying attention.

The risks are the usual early-stage ones: returns depend on the redevelopment delivering, and the long-let yield (~4%) is modest unless paired with a short-let strategy. But the trajectory is clearly upward, and Larnaca offers coastal exposure at a discount to Limassol.

6.4 Paphos — the overseas-buyer capital

Metric	Reading
Price direction (Q4 2025)	Strong index growth; but completed transfers/values softened

Metric	Reading
Q4 2025 sale contracts	1,036
2025 sale contracts (RE Council)	~3,567 filed; mixed completed-transaction picture
Buyer mix	Foreign-dominated — ~68% of purchasers from abroad
Indicative gross yield	~4% long-let; strong seasonal short-let returns
Best-fit buyer	Holiday-home buyers; overseas investors; UK/EU retirees

Sources: Central Bank of Cyprus (RPPI); Department of Lands and Surveys; Real Estate Agents Registration Council.

Paphos is the most internationalised market in Cyprus — the only district where foreign buyers consistently outnumber locals. It has a deep, established tourism identity, particularly with UK and central European buyers and retirees, and its lower coastal entry prices (versus Limassol) often translate into higher percentage short-let yields despite sharper seasonality.

The nuance for 2026 is a split between strong demand (index growth, high contract volumes) and a softer completed-transaction picture (transfer volumes and values dipped). For buyers, that can mean opportunity — a market with sustained interest but less frantic completion pressure than Limassol. Because Paphos leans so heavily on overseas demand, it is also the district most exposed to any tightening of rules on non-EU purchases (see Section 7).

6.5 Famagusta — the seasonal resort market

Metric	Reading
Price direction (Q4 2025)	Roughly flat on the index
Q4 2025 sale contracts	265 (smallest district by volume)
2025 transfer value	~€236.6m; values rose despite a marginal dip in volume
Buyer mix	Balanced; very fast overseas growth (foreign sales +81% in Dec)
Indicative gross yield	Seasonal; villa-with-pool model in Ayia Napa / Protaras
Best-fit buyer	Holiday-villa buyers; seasonal short-let operators

Sources: Central Bank of Cyprus (RPPI); Department of Lands and Surveys; Real Estate Agents Registration Council. (Government-controlled areas of the district.)

Famagusta is the smallest and most seasonal of the five markets, centred on the resort towns of Ayia Napa and Protaras. The dominant product is the detached villa with a private pool, aimed at families and groups seeking privacy in peak season. Volumes are low in absolute terms, but the district posted some of the fastest overseas-growth rates in late 2025 and transaction values rose even as transfer counts dipped — again pointing to higher-value deals.

This is a lifestyle and seasonal-income market rather than a year-round investment play. Returns are concentrated in the summer; the model rewards a quality product in a prime resort location over volume or diversification.

7. Foreign Buyers & the Regulatory Backdrop

Foreign demand is not a footnote to the Cyprus market — it is a structural pillar, and the policy framework around it is the single biggest regulatory variable for 2026.

7.1 The scale of foreign ownership

Foreign buyers made up just over 40% of 2025 transactions, above the long-run average. Cumulatively, the numbers are large: by mid-2025, completed transfers to foreign nationals had reached the tens of thousands across the island (heavily concentrated in Paphos, Limassol and Larnaca), with tens of thousands more sale contracts filed but not yet transferred. Non-EU buyers — a category that includes a substantial British contingent post-Brexit — outnumber EU buyers roughly two-to-one.

7.2 Residency and tax framework (verify before relying on it)

Permanent residency. A qualifying property investment of at least €300,000 can support an application for permanent residency, with a route to citizenship cited after several years of residence. Programme rules change — confirm current criteria with an immigration lawyer.

Tax, in outline. Cyprus abolished the national immovable-property tax in 2017; there is no inheritance tax. Rental income benefits from a tax-free threshold (the first ~€22,000 of income), and a capital-gains tax of around 20% applies to the profit on a sale. These are general pointers only — thresholds, exemptions and treatment of non-residents vary, so obtain advice from a Cyprus tax professional for your circumstances.

7.3 The tightening on the horizon

The most important policy development is a set of draft bills before the House of Representatives (tabled in late 2025) aimed at **tightening oversight of property acquisition by non-EU nationals and foreign-controlled companies**. Proposed measures include broadening the definition of a “foreign-controlled company” to capture entities with non-EU beneficial owners, banning non-EU purchase of forest and agricultural land, restricting acquisitions near the buffer zone and critical infrastructure, and requiring the Lands Department to refuse transfers that fall foul of the Foreign Acquisition Law. One proposal would exempt non-EU buyers from Cabinet approval for a single residence of up to 200 m².

Nothing here is law yet, and the detail may change. But the direction of travel is clear, and the district most exposed is Paphos, given its foreign-buyer majority. Anyone planning a non-EU purchase — particularly via a corporate structure or involving land — should track this legislation closely and take current legal advice before committing.

Watch-item for non-EU buyers

If you are a non-EU buyer, treat the pending legislation as a live variable in your timeline and structure. The headline residential market remains open, but rules on company purchases, land, and approvals could change the process and cost of a transaction within the planning horizon of this report.

8. Advisor Commentary & 2026 Outlook

The following is interpretive commentary — a reasoned reading of the data above, not a forecast or a recommendation. Property outcomes depend on factors no briefing can predict.

8.1 The base case

The weight of evidence points to **continued growth at a gentler pace**. The tailwinds — a growing economy, falling mortgage rates, deep foreign demand and tight supply — remain intact, and Q1 2026 activity confirms the momentum carried into the new year. But the 7–9% peaks of late 2025 look more like a cyclical high than a new normal. Independent editorial scenarios for 2026 cluster around low-to-mid single-digit national price growth, with a plausible upside if ECB easing continues and supply stays constrained.

Industry voices echo a cautiously positive tone. Imperio Group chairman Yiannis Misirlis, speaking in the IN Business Forecasting 2026 series, has expressed the view that the sector should continue its upward trajectory in 2026 on the back of a strong domestic economy and Cyprus’s investor appeal — while cautioning that insufficient supply, licensing delays and labour shortages remain the market’s central structural challenge. That dual message — demand-led strength tempered by a supply bottleneck — is the consensus read.

8.2 Where the opportunities and risks sit

Most upside: newer, energy-efficient apartments in Larnaca, Paphos and selected Limassol locations; coastal short-let assets in low-seasonality Limassol; early-cycle exposure in redeveloping Larnaca.

Most caution warranted: premium seafront towers where high purchase prices and service charges compress net yields; large resale houses and villas where appreciation is weak; non-EU purchases exposed to pending legislation.

Best buyer leverage: resale houses and villas, especially in Nicosia, where prices have softened and negotiation is realistic.

8.3 Segment scorecard for H2 2026

Segment	Capital growth	Income yield	Buyer leverage
Apartments (coastal)	Strong	High	Low
Apartments (Nicosia)	Moderate	Moderate	Moderate
Houses / villas (resale)	Weak–Moderate	Low	High
Short-term lets (Limassol)	Strong	Very high*	Low
Short-term lets (seasonal)	Moderate	High (seasonal)*	Moderate
Offices / commercial	Moderate	High	Moderate

**Short-let yields are gross of materially higher operating costs and management; net returns are lower and seasonality-dependent. Interpretive summary, not a recommendation.*

9. Risks & Watch-Items

A balanced outlook means naming what could go wrong or change. The following are the variables most worth monitoring through 2026.

- 8. Affordability ceiling.** Local incomes can only chase apartment prices so far. The shift to smaller units is itself a symptom; if prices keep outrunning wages, domestic demand could plateau even as foreign demand holds.
- 9. Policy on non-EU buyers.** The pending bills could alter the cost, structure and timeline of foreign purchases — with Paphos most exposed. Track the legislation's progress before committing.
- 10. Supply catch-up.** The ~36% permit surge is positive for buyers but, if delivery accelerates faster than expected, it could ease price pressure first in the mass-apartment segment rather than in premium coastal projects.
- 11. Interest-rate reversal.** The current tailwind is the falling cost of borrowing. A pause or reversal in ECB easing would remove a key support for both demand and affordability.
- 12. Short-let regulation & enforcement.** Tighter registration enforcement and building-level restrictions could reshape short-let economics in specific complexes and resort zones.
- 13. Regional and geopolitical sensitivity.** Cyprus's eastern-Mediterranean position means regional instability can influence both foreign-investment flows and tourism — occasionally as a tailwind (safe-haven demand), occasionally as a headwind.
- 14. Segment concentration risk.** With growth so concentrated in apartments and the coast, a portfolio over-weighted to one segment or district carries more correlation risk than the diversified national picture suggests.

10. Methodology & Sources

This dispatch compiles and interprets publicly available data. It contains no proprietary or transaction-level records. Figures are reported as published by their sources and were current as of mid-June 2026; property data is revised regularly, so verify against the original source before relying on any number.

Primary (official) sources

- **Central Bank of Cyprus** — Residential Property Price Index (RPPI), Q3 and Q4 2025 reports; Bank Lending Survey. centralbank.cy
- **CYSTAT / Eurostat** — harmonised House Price Index; building-permit and construction statistics.
- **Department of Lands and Surveys (DLS)** — sale-contract volumes and transfer data by district and buyer category.
- **Real Estate Agents Registration Council of Cyprus** — quarterly transfer-value and contract analysis (2025 full-year).
- **RICS Cyprus / KPMG** — Cyprus Property (Price) Index; rental-yield estimates by asset class, Q3–Q4 2025.
- **PwC Cyprus** — annual real-estate market review (transaction value and residential-unit counts).
- **European Commission** — Business & Consumer / Economic Sentiment Surveys.

Secondary & market-estimate sources

Used for context, rents, listing-level price ranges and segment colour, and labelled in-text as estimates where relevant: Global Property Guide; Cyprus Property News; Cyprus Mail; INDEX.cy; Investropa; Landbank Analytics; Danos; and various developer and agency market reports (2025–2026). Listing-based medians and city yields from commercial portals reflect asking data and individual portal coverage, and are directional only.

On the “48-page” framing

This edition prioritises grounded, sourced substance over a target page count. Its length reflects the data available rather than padding; where a number could not be sourced to a credible publication, it was omitted rather than estimated. If you would like the report extended — for example with additional neighbourhood-level detail, a longer historical price series, charts, or a specific investment-scenario model — that can be added on request.

Important Disclaimer

This document is provided for general information only. It is not investment, financial, tax or legal advice, and it is not a recommendation to buy, sell or hold any property or other asset.

All figures are drawn from third-party public sources believed to be reliable but not independently verified, and may have been revised since publication. Property markets carry risk; past performance and current trends do not guarantee future results. Indices measure aggregate change and may not reflect any individual property. Yield figures are gross unless stated and exclude transaction costs, taxes, fees, maintenance and vacancy.

Before making any decision, obtain independent advice from qualified Cyprus-licensed professionals (legal, tax, valuation and financial) appropriate to your circumstances, and verify all data against original sources. The compiler accepts no liability for actions taken in reliance on this document.

— *End of dispatch* —

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