



CYPRUS REAL ESTATE MARKET REPORT: 2025

A Strategic Analysis of the 'Two-Speed' Economy, Foreign Capital Flows, and 2026 Outlook

Prepared for International Investors | January 2026

2025: A Watershed Year for Asset Appreciation

18,100+

Total Transactions (Units)

Strongest performance since 2007



- **Structural Shift:** Foreign buyers captured a historic 40.1% market share (vs. 18-year average of 36.2%), signaling Cyprus is now a structural international hub, not a speculative cycle.
- **The 'Two-Speed' Divergence:** While transfer volume stabilized (+0.74%), transfer value surged (+12.6% to €3.49bn Jan-Sept). The market is trading fewer cheap units and more premium assets.
- **Momentum:** The year closed with a 'December Sprint,' seeing sales rise 24% YoY across all buyer categories, setting a bullish stage for Q1 2026.

INVESTOR TAKEAWAY

The correlation between volume and value has broken. The 12.6% surge in transfer value indicates rapid asset appreciation driven by high-net-worth capital, validating an entry strategy focused on 'Value over Volume.'

Macro Drivers: Geopolitics & Policy as Engines of Growth



The 'Safe Haven' Effect

Regional instability in the Middle East has driven Israeli and Lebanese capital to Cyprus as a primary geopolitical hedge. Investors are seeking security within a 40-minute flight of Tel Aviv, prioritizing capital preservation.



The 'Headquartering' Policy

Government tax incentives for Tech/Fintech have replaced 'Golden Passport' buyers with high-earning economic migrants. This created an acute demand shock for Class-A offices and luxury rentals, particularly in Limassol where rents have doubled in specific zones since 2016.



The Inflation Hedge

Despite high ECB rates, cash-rich investors (domestic and foreign) are buying real assets to protect capital from erosion. Foreign transactions are largely cash-based, decoupling the luxury sector from local mortgage rate fluctuations.

INVESTOR TAKEAWAY

Cyprus has successfully transitioned from a 'Citizenship-by-Investment' economy to a legitimate 'International Business Center,' reducing regulatory risk while sustaining high-end demand.

Regional Investment Matrix: The 'Five Mini-Markets'

	LIMASSOL	PAPHOS	LARNACA	NICOSIA	FAMAGUSTA
Identity	Global Business Hub (High-Rise)	Lifestyle & Retirement Enclave	The "Investment Frontier"	Administrative Capital	Seasonal Tourism Niche
Transfer Value (Jan-Sept)	€1.3 Billion (37% share)	€708.3 Million	€503.6 Million	€812.8 Million	€158 Million
Primary Driver	Corporate "Headquartering"	Non-EU Lifestyle Buyers	Port Redevelopment / Israeli Capital	Domestic Stability / Govt	Short-term Rental Yields
Investment Profile	High Value / High Volatility	Resilient / Steady Growth	High Growth Potential	Defensive / Low Risk	Cyclical / Tourism Dependent

INVESTOR TAKEAWAY

Limassol offers the highest ceiling for capital appreciation via corporate demand, while Larnaca is the emerging breakout star for 2026, driven by infrastructure redevelopment and value-seeking capital.

Global Capital Flows: Buyer Profiles by Nationality

Note: While official stats show 40.1% foreign participation, the 'Corporate Loophole' suggests the true figure is significantly higher.

ISRAEL (The New Heavyweight)



Focus: Larnaca (Top Foreign Group: **850 units**) & Limassol.

Strategy: Purchasing Land Plots for development.

Motivation: Geopolitical safety; strategic long-term construction.

RUSSIA (The Resilient Giant)



Focus: Limassol (Undisputed Leader: **846 units**).

Strategy: Luxury Apartments & Primary Residences.

Motivation: "Headquartering" relocation; sustaining a closed-loop internal economy.

UNITED KINGDOM (The Traditionalists)



Focus: Paphos (Top Foreign Group: **890 units**) & Famagusta.

Strategy: Resale Villas with Title Deeds.

Motivation: Retirement/Lifestyle; Risk-averse preference for completed assets.

LEBANON (Capital Flight)



Focus: Larnaca (**723 units**).

Strategy: Tangible assets (Any Class).

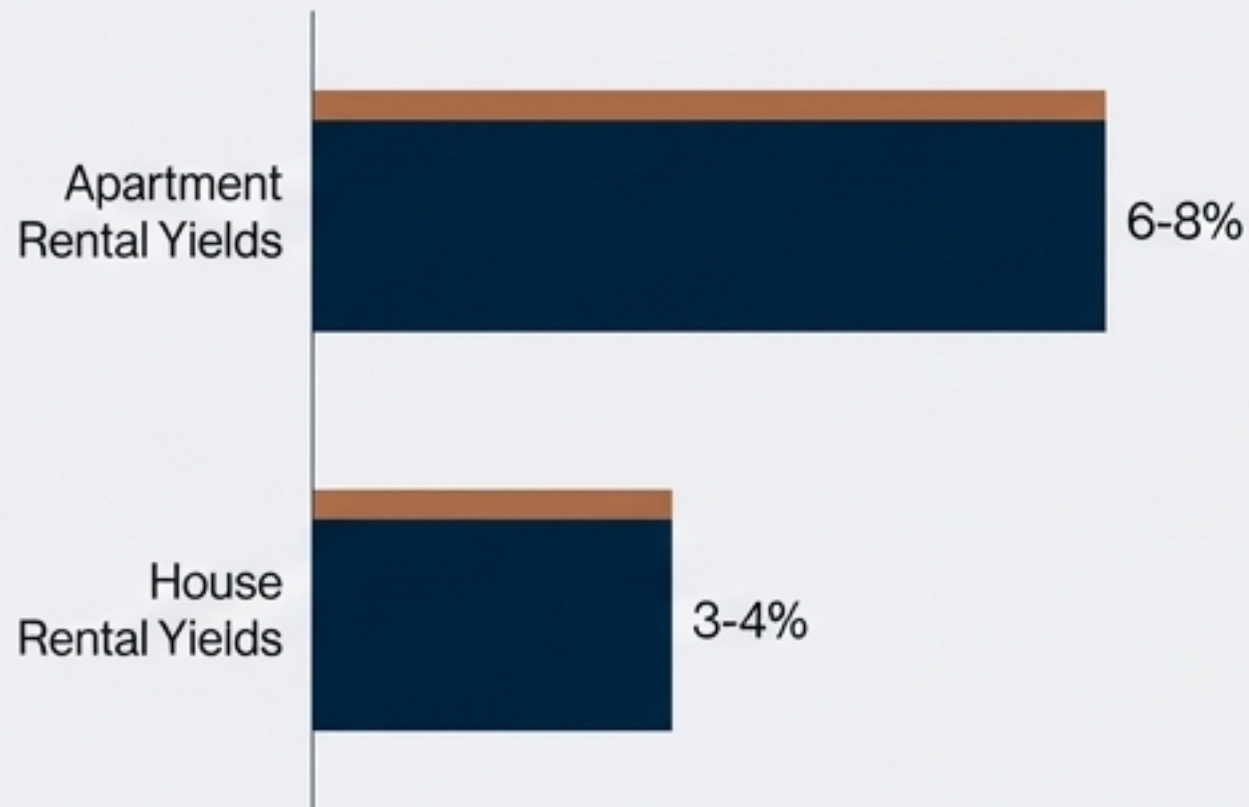
Motivation: Banking sector collapse; immediate store of value.

INVESTOR TAKEAWAY

Follow the 'New Money' (Israel/Lebanon) into Larnaca for development upside, or the 'Established Money' (Russia) into Limassol for high-yield rental assets.

Asset Class Strategy: The Shift to High-Value Inventory

The Apartment Boom & Super-Prime



Investors are shifting from houses to apartments to capture higher rental yields driven by foreign workers.

Limassol office rents hitting €40-€50/sqm.

€15.2 Million

Single apartment sale in Limassol (Oct '25), proving Super-Prime depth.

Land Banking Trend



350 land plots and 357 agricultural fields purchased by foreigners in the last 12 months.

Significance: Foreign capital is 'putting down roots' for development, not just flipping units.

INVESTOR TAKEAWAY

The 'Headquartering' boom has created a chronic shortage of Grade-A offices and luxury apartments in Limassol. These assets offer the strongest defensive characteristics against inflation.

2026 Forecast: Opportunities & Headwinds



Q1 2026 Momentum

Continued "December Sprint." Sales +24% YoY suggests bullish start untethered to seasonality.



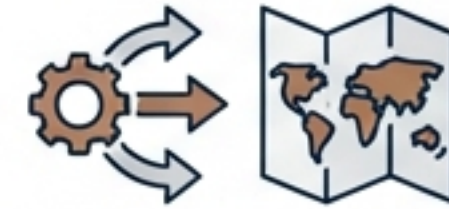
The Transparency Premium

Audit Office scrutiny on Shell Companies. Tighter UBO regulations expected. Projects with clear legal structures command higher value.



Infrastructure Strain

Rapid growth in coastal hubs pressuring schools and roads. "Gated Communities" with self-contained amenities will outperform standalone units.



The "Two-Speed" Friction

Widening gap between Foreign/Coastal and Local/Inland economies may trigger political pressure on affordability.

INVESTOR TAKEAWAY

Larnaca is expected to close the valuation gap with Limassol in 2026 as port projects mature. Investors should monitor regulatory changes regarding corporate ownership structures.

The Verdict: A Structural Pillar of the Economy

The 40% foreign market share is not a bubble; it is the new baseline for a globalized Cyprus.

The Investment Thesis

Buy for YIELD

Limassol

Focus on Grade-A Offices & Residential Towers fueled by the 'Headquartering' corporate influx.



The Investment Thesis

Buy for GROWTH

Larnaca

Focus on New Development & Land fueled by gentrification and Israeli/Lebanese capital flows.



The Investment Thesis

Buy for STABILITY

Paphos

Focus on Villas fueled by resilient UK retirement demographics.



INVESTOR TAKEAWAY

Capital allocation in 2026 should prioritize Asset Quality and Location Strategy over volume. The 'Safe Haven' status of Cyprus remains its most valuable, intangible asset.