

2025-26

Investors Outlook On Cyprus 2025-26

Prepared By :

Or (Luca) Tomer

Founder & CEO

+357-977-43267

Luca@AYA-Urban.com

www.AYA-Urban.com

A Market of Two Speeds: Rethinking Cyprus Real Estate

Cyprus real estate is increasingly defined by contrast. Core markets like central Nicosia and Limassol's seafront remain stable and predictable, offering modest returns in well-trodden segments. But outside these zones, overlooked opportunities are emerging—where legacy assets, public subsidies, and unmet demand intersect to produce significantly stronger cash flow. Nowhere is this shift more visible than in Nicosia's old city, where historic fabric meets modern demand in a high-yield transformation. As traditional plays flatten out, these targeted strategies are beginning to outperform, setting the stage for a new cycle of value-driven investment in 2025–2026

Market / sub-market	LTR gross yield 2025	STR gross yield 2025 *	2024 price move	2025-26 price trend
Limassol	5.29 % (globalpropertyguide.com)	5.1 % (AirROI €14.3 k ÷ typical €200 k 1-bed) (airroi.com , lextrusrealestate.com)	▲ 20 % (new-build apts) (cyprus-mail.com)	+4-6 % p.a. as market stabilises (squareone.com.cy)
Paphos	4.25 % (globalpropertyguide.com)	5.8 % (AirROI €12.1 k ÷ typical €205 k apt) (airroi.com , tranio.com)	▲ 5.5 % (apts) (cyprus-mail.com)	+3-5 % p.a. in tourist zones (theluxuryplaybook.com)
Larnaca	6.76 % (globalcitizensolutions.com)	5.1 % (AirROI €9.9 k ÷ €196 k avg apt) (airroi.com , cyprus-mail.com)	▼ 2.2 % (2024 dip) (globalcitizensolutions.com)	+5-7 % p.a. on Q1-25 momentum & marina-led demand (berkos.co)
Nicosia (city-wide)	4.78 % (globalpropertyguide.com)	4.9 % (AirROI €6.8 k ÷ ~€140 k 1-bed) (airroi.com , cyprus-mail.com)	▲ 2.6 % (apts) (cbn.com.cy)	+3-4 % p.a. on steady demand (in-cyprus.philenews.com)
Nicosia – Old City	6–7 % (student-led)	6–7 % (70 %+ occupancy) (airdna.co)	N/A - first reports 2025	+10-15 % uplift versus wider city on regeneration premium (berkos.co)

*STR - Short Term Rentals, LTR - Long Term Rentals

The Numbers in plain English

Limassol: Prestige, Not Profit

Short-let yields hover around 5.1%, barely above long-term rates (5.3%), yet prices are nearly double those in Nicosia.

Paphos: Yield with Seasonality

Airbnb returns reach ~5.8% thanks to lower entry prices, outperforming long-lets (4.3%). Strong cash flow—but tied to tourism cycles.

Larnaca: Balanced Play

Mid-range pricing and infrastructure (marina, airport) support ~5.5% yields across rental models. Less volatility than Paphos, cheaper than Limassol—a solid middle ground.

Greater Nicosia: Stability & Predictability

Yields around 5% from students, diplomats, and public-sector tenants. A defensive core holding with moderate appreciation.

Old-City Nicosia: The Yield Kicker

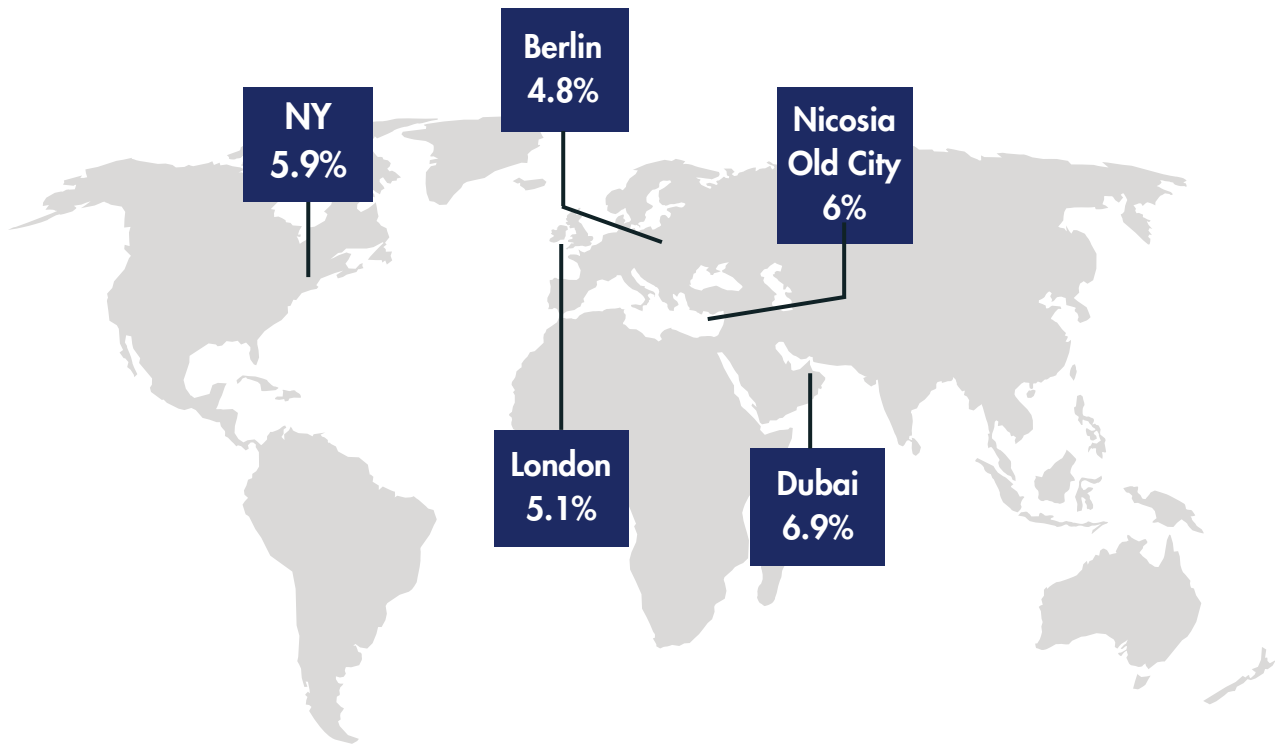
EU grants cover up to 75% of renovations. Post-upgrade, assets yield 6–7% and revalue fast. This is where Cyprus becomes a double-digit return story.

Tail-winds for 2025-26

- **Robust economy:** The European Commission expects Cyprus GDP to grow 3 % in 2025 and 2.5 % in 2026, keeping household demand supportive.
- **Cheaper finance on the way:** The European Central Bank cut its key deposit rate to 2 % in June 2025, opening the door to lower Cypriot mortgage rates later in the year.
- **More homes in the pipeline:** Residential building permits in Nicosia jumped 12 % in 2024, so extra supply should hit the market from late-2025 onward and prevent runaway prices.

“Curating Exclusive Projects
for Visionary Investors”

Among global real estate hotspots, Cyprus—specifically the Old City of Nicosia—offers a rare convergence of high yield, low entry cost, and EU regulatory stability. While cities like New York and London deliver 5–6% gross returns on significantly higher capital outlays and face mounting regulatory pressures, Nicosia’s heritage core quietly matches or exceeds those yields with far fewer barriers to entry.



A Global Review

Berlin, despite its popularity, remains heavily regulated with net returns often falling below expectations. Dubai, meanwhile, delivers strong yields near 7%, but comes with higher geopolitical and currency exposure, as well as a less predictable legal environment for foreign investors.

In contrast, Cyprus combines 6%+ gross yields in the Old City with eurozone security, generous renovation grants, fast-track permits, and non-dom tax benefits—making it one of the few European markets offering both income and upside.

For investors seeking stable, high-yield opportunities with long-term appreciation potential, Nicosia’s Old City stands out as a strategic entry point in an otherwise overheated global market.

Summary

Cyprus is no longer just a sunny retirement haven—it's an underpriced gateway to serious yield. While global cities like New York, London, Berlin, and Dubai struggle with high entry points, regulatory friction, or market saturation, Nicosia's Old City quietly offers 6–7% gross returns, EU-backed renovation grants, and a fast-track permitting regime—all within a Eurozone legal framework.

This isn't a volume play. It's a precision strike: heritage assets in a capital city undergoing cultural and economic renewal. For investors seeking value, clarity, and upside within the EU, the window is now.

What makes Cyprus especially compelling is the convergence of three structural forces: post-pandemic urban policy prioritizing regeneration, a shortage of purpose-built student and digital nomad housing, and a rare alignment of tax, funding, and regulatory incentives. With entry prices still below €2,500/m² in some core zones, investors can capture both high cash flow and strong capital appreciation before institutional capital fully enters the space. In a crowded global market, Cyprus offers something few others can: yield with a story.

What Next?

In the coming weeks, AYA Urban Ventures will release a curated set of investment briefs detailing available properties, renovation scopes, projected returns, and capital structures.

Join our Investors Circle to receive priority access, market walkthroughs, and invitations to private investor visits in Nicosia and Larnaca. For those ready to move, 2025–26 is your entry point into Cyprus's next growth cycle—before institutional capital catches up.

[Join our Investors Club](#)

