

Priorities in the new economic and political cycle for the real estate market

The major health crisis that we are experiencing (despite the resilience of the sector), combined with the start of a war in Europe and a potentially very serious world conflict, a weakening of globalization, new policies and international axes that in the meantime are changing and creating, added to the recession, inflation, rising interest rates and the dramatic increase in raw material costs, a shortage of labor and a rampant increase in construction costs, all of this has brought economic repercussions that have exacerbated even more problems. already very real for the real estate sector, but above all and as a result for the Portuguese and their families and by the way, it should not be forgotten, also for attracting foreign investment, so important to the recovery and economic growth of our country.

But on the other hand, it is also true that we are starting a new political stage in Portugal, with a government with an absolute majority, with reforming capacity and duty, from which fundamental policies and measures are now required, which finally solve old problems, now without the excuse of a castrating and demagogic left. It is also not to be disregarded that we have now also entered a single community financing framework in recent decades, both in terms of investment volumes and areas covered (although real estate is not directly benefited, once again...).

Now, this Government is asking for the right motivation and public policies to attract the manpower that our country so desperately needs - it is estimated that there are currently 80,000 workers lacking in the ranks - a shortage that exponentially increases costs of construction and prevents new projects from moving forward. The construction still represents a heavy and unattractive work, being necessary a dignification of this profession. Furthermore, in the last year and with particular concern in recent months, we have witnessed spikes in the prices of materials and raw materials, which have generated brutal and very disturbing increases in construction costs. All this is worrying, as the impact of all these increases will be felt (it is already beginning to be felt) in an increase in the final price of real estate. In other words, the impact of the rampant increase in construction costs is directly linked to the price that the Portuguese will pay for their home in Portugal. It will naturally be the final customer, the Portuguese citizen who buys your house, who will cover this increment. On the other hand, our tax burden in Portugal is absurd, compared to our neighboring country, Spain. We need effective and courageous measures that revolutionize the current tax burden on the construction of people's homes, on the price they pay, as well as on transmission and housing mobility. I would say here that it is imperative to put an end to the "transitory" AIMI and IMT (as the OECD very recently confirmed in its latest analysis of Portugal). Another national goal must be to make the lease more credible, taking into account that in the last 10 years its legislation has been amended more than 10 times, and it is urgent to stabilize this regime, as well as

to improve its tax system, namely in the long-term logic. . Currently, the rental market is made up of micro, small and medium-sized owners, as large property developers, both national and foreign, do not yet see great advantages in investing in this area, which is extremely risky and highly unpredictable - it is necessary create conditions for this market to be attractive again, reformulating its legislative and fiscal framework so that it finally becomes credible and essentially interesting and productive. Unfortunately, Portugal is not yet part of the list of countries where rental housing flourishes.

The answer can only be to create more incentives to the private sector to increase the production of more supply. Well, urgent and muscular measures must be taken. If before the mitigation of some of the context costs in the production of Housing was already necessary, now it has become urgent. In fact, it is very difficult to control the increase in the prices of raw materials, fuels, as they are problems of an international nature and whose resolution is unfortunately not in our hands. But there are other context costs that we can try to solve or mitigate: it is up to the councils to shorten the licenses, allowing to have more new houses on the market and more quickly, with the consequent lowering of the pressure that demand exerts on the existing ones and with that of the price; it is in particular the responsibility of Parliament to put an end to the ill-fated AIMI, or even the IMT in transmission (following the OECD's own recommendation), which are a burden that weighs on the construction and rental of housing and people's housing mobility, or even to provide for the generalization of the tax reduction of VAT or its deductibility in the construction of houses for the Portuguese, or even to give stability to the lease, ending everything must be done to bring the 80 thousand workers missing in the construction. And all this will be done, not only for the good of the real estate sector, which is one of the pillars of our economy, brings wealth and investment, but above all builds the cities of tomorrow, for the Portuguese and for each one of us citizens.